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Minnesota Family Assistance

A Guide to Public Programs Providing Assistance to Minnesota Families

This publication describes the federal and state programs that provide assistance to Minnesota families in the form of income, health care, child care, food purchasing, and housing. Programs covered in this guide are General Assistance, Minnesota Family Investment Program, Minnesota Supplementary Aid, Supplemental Security Income, General Assistance Medical Care, Medical Assistance, MinnesotaCare, Child Care, Food Stamps, Group Residential Housing, and Section 8.

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Contents

Introduction

This guide is intended to help legislators understand the following public programs that provide assistance to Minnesota families.

- General Assistance (GA)
- Minnesota Family Investment Program (MFIP)
- Minnesota Supplemental Aid (MSA)
- Supplemental Security Income (SSI)
- General Assistance Medical Care (GAMC)
- Medical Assistance (MA)
- MinnesotaCare
- Child Care
- Food Stamps (FS)
- Group Residential Housing (GRH)
- Section 8 Certificate and Voucher Programs (Section 8 Housing)

The first four programs, GA, MFIP, MSA, and SSI provide income assistance to eligible needy families and individuals.

The GAMC, MA and MinnesotaCare programs cover the cost of health care for eligible low-income families and individuals.

The Child Care assistance programs subsidize the child care costs of eligible MFIP and other low-income families.

The Food Stamp program provides food purchasing assistance to eligible low-income households.

The GRH program subsidizes the housing costs of certain low-income individuals who live in community-based group residences.

The Section 8 certificate and voucher programs subsidize the rental housing costs of low-income families and individuals.

This guide includes basic information about how each of these programs works and includes information on each program's administration, eligibility, benefits, funding, and recipients.

Assistance Programs Originating in Federal Law

Some of the programs described in this guide began with federal legislation:

- Supplemental Security Income (SSI)
- Medical Assistance (MA)
- Minnesota Family Investment Program (MFIP)
- Child Care
- Food Stamps (FS)
- Section 8 Housing

The first three of these programs have their origins in the federal Social Security Act. The Food Stamp program began as the result of separate federal legislation in 1964. The Section 8 certificate and voucher programs are an outgrowth of the U.S. Housing Act of 1937 and the significant amendments which were made to that law in the 1990 federal Housing Act. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 also made fundamental changes to the Social Security law, the Food Stamp law, and child care assistance that have had a significant effect on these programs.

The Social Security Act

Prior to 1935, relief for the poor had been the responsibility of state and local government and private charities. During the Depression, however, local government and private agencies no longer had enough resources to help the growing number of families and individuals who were in need of direct financial assistance. In 1935, Congress passed the Social Security Act as a response to the economic hardship created by the Great Depression.

The Social Security Act includes two types of programs: social insurance programs and assistance programs. The focus of this guide are the assistance programs.

Social Insurance

Social insurance is a system to protect people with a work history, and their dependents, who experience an abrupt loss of income due to temporary unemployment, disability, retirement, or death. Eligibility for social insurance programs in the Social Security Act is not based on an applicant's financial need. The social insurance component of the act includes Old Age, Survivors' and Disability Insurance Program, Unemployment Compensation, and the Medicare program. Program benefits are funded by mandatory employer/employee contributions to special program trusts. Eligibility for benefits under these programs is based on an individual's work history and contributions to the trust funds. Some state agencies play a limited role in the social insurance programs; county agencies have no administrative responsibility for any of the social insurance programs.

Assistance Programs

Eligibility for the assistance programs created in the Social Security Act is based on individual or family financial need and on whether or not an applicant/recipient is a member of a federally authorized category. Through the provisions of the original Social Security Act and its successive amendments, Congress has authorized programs that provide cash and medical assistance to aged, blind, and disabled individuals and families with dependent children. Program benefits are financed by federal and state general funds. Funding formulas vary among programs. There are no special trusts (like the Social Security trust fund) to finance the costs of these assistance programs.

Title IV-A of the act created the Aid to Families with Dependent Children (AFDC) program, which was an entitlement program intended to provide financial support to needy families where a dependent child in the family was deprived of the support of one of his or her parents. Title XIX created the Medicaid entitlement program to provide health care assistance to certain categories of low-income persons. Title XVI created the Supplemental Security Income (SSI) entitlement program to provide monthly cash assistance to needy aged, blind, and disabled persons.

With the exception of the federally administered SSI program, the other assistance programs of the Social Security Act are administered in Minnesota by the counties under the supervision of the state Department of Human Services (DHS). Overall program requirements are set by Congress and the responsible federal agency.

The various titles of the Social Security Act remain the basis of the national public assistance system in America today. Most changes in federal welfare policy are established as amendments to the Social Security Act.

PRWORA: The Federal Welfare Reform Law

In 1996 Congress enacted landmark welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA; Pub. L. No. 104-193). PRWORA marked a fundamental shift in the direction and design of the public assistance programs. This welfare reform law amended the Social Security Act to abolish the AFDC entitlement program, replacing it instead with a totally rewritten Title IV-A that established the block grant program of Temporary Assistance to Needy Families (TANF).

Under TANF states receive a federal block grant to provide time-limited assistance to needy families with minor children. PRWORA has a strong focus on moving welfare recipients into work and self-sufficiency. TANF families are required to participate in work activities, and states must ensure that the federally established work participation requirements are met. Minnesota's TANF program is the Minnesota Family Investment Program (MFIP).

The welfare reform legislation also made significant changes in the eligibility requirements for the SSI, MA, and Food Stamp programs, and in the design and funding of the Child Care assistance programs. Some of the most noticeable changes were provisions that created categories of legal noncitizens who were ineligible for SSI or Food Stamp benefits, or were eligible for those benefits for only a limited time. Another significant change was the repeal of the child care assistance entitlement, under federal law, for AFDC recipients who needed child care to get or keep a job.

Food Stamp Act

Congress established the Food Stamp Program in 1964. This entitlement program increases the food purchasing power of low-income households. Eligibility for this program is based on an applicant's financial need. Over time Congress has amended the Food Stamp Act, and has added work requirements which some categories of Food Stamp recipients must also meet as a condition of receiving food stamp benefits. PRWORA has also limited the eligibility of many legal noncitizens for Food Stamps. The Food Stamp program is administered by county agencies under the supervision of the state DHS.

1990 Housing Act

The federal government has been subsidizing the housing costs of low-income households since Congress passed the U.S. Housing Act of 1937. The federal law that applies to the Section 8 housing programs is the 1990 federal Housing Act. Eligibility for Section 8 assistance is based on an applicant family's financial need. However, unlike the Food Stamp program, the Section 8 certificate and voucher programs are not entitlements. Section 8 assistance is administered by local housing authorities.

Assistance Programs Originating in State Law

The remaining programs described in this guide are programs which originated in state rather than federal legislation:

- General Assistance (GA)
- Minnesota Supplemental Aid (MSA)
- General Assistance Medical Care (GAMC)
- MinnesotaCare
- Group Residential Housing (GRH)

Benefits for these programs are financed by the state general fund, or in the case of MinnesotaCare, the state-created Health Care Access Fund. Overall program requirements are set by the state legislature and the programs are administered by the counties under the supervision of DHS, or in the case of MinnesotaCare, by DHS itself.

Financing Minnesota's Family Assistance Programs

The program costs of the principal public programs that assist Minnesota families are financed by a combination of federal and state money as follows:

	Source of Financing	
Program	**Federal**	**State**
Minnesota Family Investment Program (MFIP)	X	X
Medical Assistance (MA)	X	X
MinnesotaCare	X	X[1]
Child Care Assistance	X	X
Supplemental Security Income (SSI)	X	
Food Stamps (FS)	X	
Section 8 Housing Assistance	X	
General Assistance (GA)		X
General Assistance Medical Care (GAMC)		X
Minnesota Supplemental Aid (MSA)		X
Group Residential Housing (GRH)		X

Beginning January 1, 1991, the state assumed responsibility for, or “took over,” the historic county share of expenditures for public assistance benefits. From that point on counties were not responsible for paying a share of the program costs of certain of the state-mandated assistance programs. Counties have continued to administer most programs (with the exception of the MinnesotaCare and rental housing assistance programs), and they are expected to follow state guidelines in administering the programs. For more information on the state financing of county human services costs, see Appendix V.

Unless otherwise noted, all citations are to Minnesota Statutes 1998 or 1999 Supplement.

[1] MinnesotaCare is also financed with premiums paid by the program’s enrollees.

Appendices

This guide includes several appendices:

- Appendix I: Asset Limits for Assistance Programs
- Appendix II: Income Limits for Assistance Programs
- Appendix III: Program Expenditures and Caseload Data
- Appendix IV: Laws and Regulations Governing Assistance Programs for Families
- Appendix V: State Financing of County Human Services Costs
- Appendix VI: Federal TANF Work Requirements
- Appendix VII: Mille Lacs Band Tribal TANF Program
- Appendix VIII: Federal Earned Income Tax Credit and Minnesota Working Family Credit
- Appendix IX: Federal and Minnesota Dependent Care Credits

The first four appendices provide comparative information for all the assistance programs included in the guide. Appendix V provides information about how the state has gradually assumed responsibility for the county shares of state-mandated human services programs, many of which are covered in this guide. Appendices VI and VII relate to specific aspects of MFIP, the state's welfare reform program for families.

Finally, both the federal and state governments provide some assistance to Minnesota families through tax credit programs. Tax provisions are outside the scope of this guidebook. However, appendices VIII and IX provide some basic information about two of the best known tax credits that assist Minnesota families: earned income tax credits and dependent care credits.

Income Assistance Programs

General Assistance

General Assistance (GA) is a state program that provides cash assistance to needy persons who fall into specified statutory categories and who meet the GA eligibility requirements, including income and asset requirements

Administration

Minnesota State Legislature

The legislature established GA in 1973 when it abolished county "Poor Relief" programs and the "Township Relief System." The original GA program provided assistance to needy persons who did not qualify for federal programs. In 1985 the legislature changed the GA program to allow assistance only for those people who meet certain standards of "unemployability." The state law includes: minimum statewide standards for assistance, general eligibility requirements (including resource limitations), provisions for program funding and administration, and guidelines for determining the county financially responsible for GA grants.

GA provides aid to individuals or couples who are not eligible for federally funded assistance programs, but who are unable to provide for themselves.

State Department of Human Services (DHS)

DHS supervises program administration. DHS rules govern GA administration in Minnesota. DHS also issues a detailed program manual for county caseworkers which includes specific eligibility criteria and schedules for determining benefits.

Counties

The counties administer GA. The county welfare agency, with the assistance of the state agency through the MAXIS computer system, determines if an applicant meets the state's eligibility requirements and determines the amount of assistance.

Eligibility Requirements

The GA program provides aid to individuals or couples who are not eligible for federally funded assistance programs, but who are unable to provide for themselves (Minn. Stat. § 256D.01). An applicant qualifies for GA if he or she meets the eligibility standards set by state law and has income and assets below the limits established by the state legislature and DHS.

Income Limits

Under the mandate of the state legislature, DHS limits eligibility based on maximum income levels for GA recipients. The limit applies to earned and unearned income. If the current net income of an individual or couple is below the applicable need standard, that person or couple may be eligible for GA.

GA eligibility is based on income and assets.

An applicant's net income is calculated in two steps. First, all of the applicable allowed disregards and deductions are subtracted from the applicant's gross monthly earned income, to get the applicant's net earned income amount. These disregards and deductions include:

- a $50 earned income disregard[2]
- a work expense deduction
- a deduction for actual unreimbursed dependent care costs, if there are no caregivers in the home, or if all caregivers are working or in school and incurring dependent care costs

Second, all unearned income that is not otherwise excluded is added to the applicant's net earned income amount, in order to arrive at the applicant's net income. Some types of unearned income are excluded from this calculation. Examples of excluded unearned income are certain types of federal assistance payments received by the person or couple, such as the value of food stamps and low-income home energy assistance.

The net income limit represents the state's determination of the minimum monthly income individuals needs to provide themselves with "a reasonable subsistence compatible with decency and health" (Minn. Stat. § 256D.02, subd. 4). For this reason the net income limit is also known as the standard of assistance or the "need standard."

[2] For residents of licensed facilities for mentally ill persons or chemically dependent persons, supervised apartments, and all other group residential housing settings, an additional earned income disregard of up to $150 per month, up to a maximum accumulated total of $1,000, is allowed if this money is kept in a separate account for use after discharge, and discharge and work is part of the resident's treatment plan.

Asset Limits

State law and regulations also set the maximum value of assets an applicant may possess and be eligible for GA. GA recipients can have no more than $1,000 in net counted assets after all allowable exclusions. Certain assets are excluded from the $1,000 limit:

- Ownership of a homestead, without regard to value

- Ownership of one car with an equity value no greater than $1,500 (A car's value in excess of this amount is counted as part of the $1,000 asset limit.)

- Assets needed to get or keep suitable employment

- One burial space (or up to $1,000 for a prepaid burial account, burial plan or trust) for each person whose assets are considered in determining eligibility

Other items excluded from the $1,000 asset limit are:

- proceeds from the sale of the home (excluded for six months if another home will be purchased)
- the value of corrective payments (excluded for two months only)
- disaster relief funds
- tax refunds and credits (excluded for two months only)
- nondeferred student loans
- reverse mortgages
- special funds to replace or repair real or personal property
- amounts escrowed for real estate taxes and insurance

The total value of other personal property is subject to the $1,000 limit. Certain property, such as household goods, furniture, and clothing, is automatically excluded from the limit. The county agency must also exclude assets for certain reasons, e.g., if the asset is determined to be essential to the individual, if the applicant is expected to receive GA for less than 30 days, or if forced disposal of property would result in "undue hardship." Applicants are prohibited from transferring ownership of property less than 12 months before applying for GA in order to establish eligibility for GA. Such asset transfers can make the applicant ineligible for GA.

Additional GA Eligibility Requirements

In addition to having financial need, a GA applicant must also:

Among other criteria, a GA recipient must be a Minnesota resident, a U.S. citizen, or eligible noncitizen, and ineligible for cash assistance from federally funded programs.

- be a resident of Minnesota
- be ineligible for aid from any cash assistance program that uses federal funds (i.e. MFIP or SSI)
- be a citizen of the United States
- meet other eligibility requirements

A GA applicant must be a resident of Minnesota. A resident is a person who intends to make his or her home in Minnesota and has been in the state for at least 30 days. Exceptions to the 30-day requirement are made for migrant workers who meet certain criteria and for persons in situations of unusual hardship. Time spent in a battered women's shelter also counts towards meeting the requirement.

The GA law also provides that for their first 12 months in the state, new residents are paid the lesser of the Minnesota grant amount or the benefit they would have been eligible for in their prior state of residence. This provision is not currently being implemented.[3]

A GA applicant must be ineligible for aid from any cash assistance program that uses federal funds (i.e., MFIP or SSI).

A GA applicant must be a citizen of the United States. Legal noncitizens who are lawfully residing in the United States are eligible for GA. Undocumented noncitizens and nonimmigrant noncitizens[4] are not eligible for GA benefits.

The income and assets of sponsors of noncitizens are deemed available for GA applicants and recipients as provided under federal law. In order to receive GA, legal adult noncitizens who are under age 70 and have lived in the United States for at least four years must also meet certain requirements relating to English literacy or application for U.S. citizenship.

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[3] Since December, 1997 a state district court has enjoined Minnesota from implementing the provision in the GA law that sets out this separate interstate payment standard for new residents. Because the U.S. Supreme Court recently found a similar California residency law unconstitutional, and also because of other related case law specifically for the GA program, the state DHS has asked the Minnesota Supreme Court to dismiss the state's appeal in the lawsuit.

[4] A nonimmigrant is a person who is lawfully present in the United States, but who is not lawfully residing in the United States (because the person maintains a residence outside the United States). Nonimmigrants are generally admitted temporarily and for a limited purpose (e.g., tourists, foreign students).

A GA applicant must be unable to work because the person:

1. has a professionally certified illness, injury, or incapacity expected to continue for more than 30 days
2. has diagnosed mental retardation or mental illness
3. is of advanced age
4. is needed in the home to care for a person whose age or medical condition requires continuous care
5. is placed in a facility for care or treatment under a plan approved by the local human services agency
6. resides in a shelter facility for battered women
7. is disabled, and the person's alcohol or drug addiction is a material factor that contributes to the person's disability (This basis for GA eligibility expires June 30, 2000.)
8. or is one of the following:

   (a) a person who has an application pending for or is appealing a termination of Social Security disability payments, so long as the person has a professionally certified illness or disability

   (b) a person who is assessed as not employable

   (c) a person under age 18 in certain specified circumstances and with consent of the local agency

   (d) a person who is eligible for displaced homemaker services and is enrolled as a full-time student

   (e) a person who lives more than four hours round-trip traveling time from any potential suitable employment

   (f) a person involved with protective or court-ordered services that prevent working at least four hours per day

   (g) a person over the age of 18 whose primary language is not English and who is attending high school at least half time

   (h) a person who is learning disabled and has a plan approved by the local agency

GA Ineligibility

GA is not provided to:

- fugitive felons and parole and probation violators; or
- persons who have fraudulently misrepresented residency to obtain assistance in two or more states (GA is not provided for ten years).

Special requirements apply to persons convicted of a felony drug offense after July 1, 1997. The person is not eligible for GA for five years after completing his or her sentence, unless the person has successfully completed a drug treatment program or is assessed as not needing such a program. Once eligible for GA, these individuals are subject to random drug testing and are subject to losing GA eligibility for another five years after either a positive test result or completing their sentence for a subsequent drug felony conviction.

Benefits

GA Grants

GA recipients receive a monthly cash assistance payment, called a grant. The amount of a recipient's grant is determined by subtracting the recipient's net income from the applicable monthly GA assistance standard.

GA recipients are not required to participate in employment and training services as a condition of receiving benefits.

Monthly GA Standards for Single Persons and Childless Couples

Eligible Units	Monthly Standard
One adult	$203
Emancipated minor	203
One adult, living with parent(s) who have no minor children	203
Minor not living with parent, stepparent, or legal custodian (with social service plan approval)	250
Married couple with no children	260
One adult, living in a medical facility or in group residential housing	65

Unlike the MFIP program, the GA program does not include an employment and training component. GA recipients are not required to participate in employment and training services as a condition of receiving benefits.

Emergency General Assistance (EGA)

Applicants with insufficient income or resources may be eligible for a GA grant for emergency needs, not to exceed 30 days, so long as the applicant is not a recipient of MFIP benefits. Persons or families in need who are not state residents may also receive assistance to meet emergency needs. In the case of nonresidents, state law provides that the 30-day residency requirement is not waived when a person applies for EGA (Minn. Stat. § 256D.02, subd. 12a, para. f).

Battered Women's Benefits

A woman living in a shelter for battered women is eligible for a GA monthly grant if she meets the income and asset guidelines of the program. In addition, the shelter receives a separate GA payment on behalf of the woman to cover its operating costs. A shelter also receives this separate additional GA shelter payment on behalf of a woman who receives or is eligible for MFIP benefits, if she is residing in the shelter. In both cases, these special additional GA shelter payments are made directly to the shelter and are available if the shelter facility has been specially designated by the state Department of Corrections.

Group Residential Housing

Individuals who are eligible for GA can also be eligible for residence in community group residential housing facilities paid for by the state or county under Minnesota Statutes, chapter 256I. Group residential housing is a group living arrangement that provides at a minimum room and board to unrelated individuals. (The GA grant for a recipient who resides in a group residential housing facility is a personal needs allowance of $65 per month.)

Eligibility for Other Programs

GA recipients are automatically eligible for health care benefits through the General Assistance Medical Care (GAMC) program.

GA recipients who are citizens, and some who are legal noncitizens, are also generally eligible for the federal Food Stamp program but must make separate application for those benefits. A GA recipient who also receives Food Stamps is exempt from the Food Stamp Employment and Training (FSET) program, but may volunteer for FSET services.

GA recipients may also be eligible for GAMC, Food Stamps, and MFAP.

Legal noncitizen recipients of GA who are not eligible for federal Food Stamps solely because of their citizenship status may be eligible for the state-financed Minnesota Food Assistance Program. (See box on page 129.)

Payment of Benefits

GA grants are generally issued once per month on the first day of the month subsequent to the initial grant. For persons without a verified address, the county may issue checks on a weekly basis. Grants are paid directly to program recipients or to legally appointed guardians. In other circumstances, such as evidence of continual mismanagement of funds or drug dependency, the county may institute vendor payments. Vendor payments are payments made directly to the providers of goods and services (such as the landlord or the utility company). The county may also issue the GA grant as a "protective payment," i.e., the grant can be given to another individual to be spent on behalf of the recipient.

Funding and Expenditures

The state pays for the costs of GA benefits.

In state fiscal year 1998 the state paid out $36,040,972 in benefits to GA recipients.

Recipient Profile

Most GA recipients are single persons. Childless couples may also be eligible for GA. In state fiscal year 1998 the average monthly number of GA cases was 9,414.[5]

[5] Most GA cases consist of one person. However, GA data is available from DHS by cases only, not by the number of individual GA recipients.

Minnesota Family Investment Program

The Minnesota Family Investment Program (MFIP) is a jointly funded, federal-state program designed to provide income assistance for eligible low-income families. MFIP replaces the AFDC program, which was repealed by Congress in 1996.

Administration

Congress

With passage of the 1996 federal welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act (Public Law 104-193), Congress eliminated the federal Aid to Families with Dependent Children (AFDC) entitlement program and replaced it with Temporary Assistance for Needy Families (TANF), a block grant program to states. Under TANF each state receives a block grant of federal funds that it must use to assist its needy families. Each state has the authority to design its own program to assist these families, although there are specific requirements in the federal TANF law that apply to all state programs.

MFIP is the state's response to federal welfare reform.

U.S. Department of Health and Human Services (DHHS)

DHHS administers the TANF block grant program. DHHS approves state TANF plans, and monitors states' compliance with the various requirements of the federal law.

Minnesota State Legislature

The Minnesota legislature authorized MFIP in the 1997 session. MFIP is Minnesota's TANF program; it is Minnesota's response to the welfare reform authority granted by Congress. The program uses the state's annual federal TANF block grant[6] and state appropriations to provide income assistance, employment and training services, and support services to eligible Minnesota families.

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[6] Minnesota's annual TANF block grant amount is $268 million. Of this total, $800,000 goes directly to the Mille Lacs Band of Ojibwe for the operation of that tribe's separate TANF program. The remainder is available for the state to help fund its welfare reform activities, which includes MFIP.

State Department of Human Services (DHS)

DHS directs the operation of MFIP throughout the state by issuing implementation instructions to counties, providing training for county staff, providing other technical support to counties, and assisting in eligibility and benefits determination through its centralized MAXIS computer system.

Counties

Counties administer MFIP. The county agency conducts intake and eligibility screenings, including orientations to the program. It also provides case management and assists MFIP recipients in their employment and training efforts and meeting the other program requirements.

Mille Lacs Band of Ojibwe - Separate TANF Program

The federal TANF law authorizes American Indian tribes to apply for federal TANF funds to operate a Tribal TANF family assistance program that is separate from the state's program. One tribe, the Mille Lacs Band of Ojibwe, applied for and received federal approval to operate a separate Tribal TANF program. The program serves MFIP families where one or more of the eligible adults is a member of the Band. See **Appendix VII** for information about the unique features of the band's program.

Eligibility Requirements

MFIP provides cash and food assistance, employment and training services, and related support services and transitional services to eligible low-income Minnesota families.

In order to be eligible for MFIP, a family must:

- have income and assets under the program's limits; and
- satisfy the other eligibility requirements of the federal and state laws that govern the program.

Who's who in an MFIP Household

An MFIP **caregiver** is a person who lives with, and provides care and support to, a minor child. Some caregivers must be included in the assistance unit (e.g., parents, stepparents); other caregivers may choose not to be included in the assistance unit (e.g., grandparents, other adult relatives, legal custodians).

The MFIP **assistance unit** is the group of people receiving MFIP benefits together.

An MFIP **participant** is an MFIP recipient who participates in, or who is required to participate in, MFIP employment and training services.

Income Limits

MFIP uses two different income standards to determine eligibility: the transitional standard and the shared housing standard.

For an initial applicant to be eligible for MFIP, family income, after all allowable deductions are made, must be below the program's applicable income standard (See **Applicable MFIP Standards**, in box) for a family of like size. To make the eligibility determination the county agency calculates an applicant's net income in two steps. First, the county subtracts all allowable disregards and deductions from the applicant's gross monthly earnings, to get the applicant's net monthly earned income amount. These disregards and deductions include:

- 18 percent of gross earned income;
- actual dependent care costs paid by the applicant caregiver, up to a maximum of $200 per month for each child under age two, and $175 per month for each child over age two;
- child support payments made by the applicant caregiver for the support of children not in the assistance unit; and
- an allocation for the unmet need of an ineligible spouse or child under age 21 who lives with the applicant caregiver and for whom the caregiver is financially responsible.

Second, the county adds all of the family's unearned income that is not otherwise excluded. The county compares the result to the applicable MFIP standard. If the result is at or below the standard, the family is eligible for MFIP.

Applicable MFIP Standards

Since January 1999, the MFIP program has used two different income standards to determine eligibility. The **transitional standard** is the program's basic income standard; it applies to households that do not include an unrelated member.

The **shared household standard** is used instead of the transitional standard when an MFIP household includes an unrelated member, and that person does not meet one of several exceptions that are specified in the MFIP law (for example, a roomer or boarder).

The shared household standard is lower than the transitional standard, because the cash portion of the shared household standard equals 90 percent of the cash portion of the transitional standard for a given family size. (See **MFIP Monthly Income Standards** table, below.)

An eligible family's MFIP benefit is calculated by subtracting the net earned income amount from the family wage level for the same size family.

An eligible famiy's MFIP benefit is calculated by subtracting the net earned income amount from the family wage level.

If an eligible applicant family has only earned income, the county agency subtracts the net earned income amount from the family wage level for the same size family. The family's MFIP benefit is the difference between the family wage level and the net earnings, up to a maximum amount that is equal to the applicable standard for the same size family.

If an eligible family has both earned and unearned income, the county takes all unearned income that is not otherwise excluded and subtracts it, either from the difference calculated under the preceding paragraph, or from the applicable standard for the same size family, if the difference is equal to or greater than that standard's amount. The calculated result is the family's total MFIP benefit.

If an eligible family has only unearned income, the county agency subtracts all unearned income that is not otherwise excluded from the applicable standard. The family's MFIP benefit is equal to the resulting amount.

If an eligible family has no income, the family's MFIP benefit is equal to the applicable standard.

MFIP Monthly Income Standards
Effective October 1, 1999

Family Size	Transitional Standard	Shared Household Standard	Family Wage Level
1	$358	$333	$394
2	629	585	692
3	789	736	868
4	934	872	1,027
5	1,061	991	1,167
6	1,207	1,130	1,328
7	1,319	1,234	1,451
8	1,454	1,362	1,599
9	1,588	1,490	1,747
10	1,716	1,613	1,888
over 10	add $127 for each additional member	add $122 for each additional member	add $138 for each additional member

House Research Department

$100 Housing Provision

Effective January 1, 2001, MFIP families who receive rental housing assistance through the federal Department of Housing and Urban Development (e.g., Section 8 assistance) will have up to $100 of the housing subsidy amount counted as unearned income when the family's MFIP benefit is calculated.

Some families are permanently exempt from this $100 housing provision:

- families where the caregiver is exempt from MFIP work requirements because the person is age 60 or over, or is certified to be ill, injured, or incapacitated;
- families where the caregiver is exempt from MFIP work requirements because the person is needed in the home to care for a disabled or ill household member; and
- families where the parental caregiver receives federal SSI benefits.

For an ongoing recipient to continue to be eligible for MFIP, the county calculates net family income as follows.

Until October 1, 1999, the county agency disregarded 36 percent of the recipient's gross earnings. The amount of earnings remaining was the recipient's net earned income amount. The county subtracted these net earnings from the appropriate family wage level amount. The family's MFIP benefit was the difference between the family wage level and the net earnings, up to a maximum amount that equaled the applicable standard.

The 1999 Legislature increased the percentage of the earned income disregard used to calculate net family income on October 1, 1999, and again on October 1, 2000 (Minn. Stat. § 256J.24, subd. 10).

On October 1, 1999, the percentage amount of the earned income disregard was adjusted to ensure that a family of three did not lose eligibility for MFIP until their income reached 120 percent of the federal poverty guidelines. Using the 1999 guidelines, the earned income disregard percentage increased to 38 percent. This new higher disregard percentage applies to all ongoing MFIP households, regardless of family size.

On October 1, 2000, the earned income disregard percentage will again be adjusted, based on the 2000 federal poverty guidelines (to be issued in April 2000), so that a family of three maintains their MFIP eligibility until their income reaches 120 percent of those updated federal poverty guidelines. The new disregard percentage will again apply to all ongoing MFIP households, regardless of family size.

Asset Limits

MFIP imposes asset limits of $2,000 for new applicants and $5,000 for ongoing MFIP recipients.

To be eligible for MFIP, the equity value of all nonexcluded assets must not exceed:

- $2,000 for an MFIP applicant; and
- $5,000 for an ongoing MFIP recipient.

Certain items are excluded from these asset limits:

- ownership of a homestead, without regard to value
- up to $7,500 total loan value for all vehicles[7]
- assets used to produce income for self-support
- one burial space for each member of the MFIP assistance unit
- the value of ordinary household goods
- assets owned by a person receiving federal SSI benefits

[7] If a vehicle is essential to operating a self-employment business, its entire value is excluded.

Other items excluded for these asset limits are:

- the value of corrective payments in the month received and in the following month
- proceeds from the sale of the home (excluded for six months if another home will be purchased)
- disaster relief funds
- tax refunds and credits (excluded in the month received and in the following month)
- savings from a minor's earnings that are set aside for future educational or employment costs
- payments excluded under federal law (for example, low-income home energy assistance (LIHEAP) or Americorps benefits)
- school loans and scholarships
- special funds to replace or repair assets (excluded for three months)
- amounts escrowed for business expenses
- amounts escrowed for real estate taxes and insurance

Additional Eligibility Requirements for MFIP

To receive MFIP, families who meet the program's income and asset limits must also:

- have a minor child;
- be residents of Minnesota;
- be U.S. citizens, qualified noncitizens, or noncitizens otherwise lawfully residing in the United States;
- assign rights to child support;
- have received less than 60 months of assistance; and
- satisfy any other eligibility requirements of the program.

Among other requirements, an MFIP recipient must have a minor child and assign rights to child support.

This section provides more information about each of these additional requirements.

Eligible families must have a minor child. To receive MFIP assistance, a family must include at least one minor child or a pregnant woman.

Eligible families must be residents of Minnesota. A resident is defined as an individual who has been domiciled in Minnesota for at least 30 days, with the intent to remain here. As long as one member of an MFIP assistance unit meets this 30-day residency requirement, the entire unit is considered to have met it. Time spent in a battered women's shelter counts towards this requirement.

Families facing an unusual hardship because they are without alternative shelter or without resources for food are exempt from the 30-day residency requirement. Migrant workers and their immediate families are also exempt from this requirement if the worker verifies that the migrant family earned at least $1,000 in Minnesota within the last 12 months.

The MFIP law also provides that for the first 12 months in the state, new residents are paid the lesser of the Minnesota grant amount or the benefit they would have been eligible for in their prior state of residence. This provision is not currently being implemented.[8]

Eligible families must be citizens of the United States, qualified noncitizens, or noncitizens otherwise lawfully residing in the United States. Undocumented noncitizens and nonimmigrant[9] noncitizens are not eligible for MFIP.

Because MFIP uses federal TANF monies to help fund cash assistance for MFIP families, the state is prohibited by the federal TANF law from using its federal block grant to pay for MFIP benefits to legal noncitizen families, unless they fall into one of the categories specified as eligible in the federal law. However, under the MFIP law the state opted to make legal noncitizen families who meet all other MFIP requirements eligible for the program, and to use only state monies to pay for those families' cash assistance until June 30, 2000.[10] The effect of this decision is that for some legal noncitizen recipients their MFIP cash assistance is paid entirely with state dollars, and no federal TANF funds are used.

The following table identifies the categories of noncitizens who are not eligible for MFIP, the categories for whom the state may use federal funds to provide MFIP cash benefits, and the categories for whom the state may not use federal funds, but instead uses only state funds to provide MFIP cash assistance. The entry "N/A" in the table indicates categories where using state monies to provide cash assistance is not applicable, since federal TANF funds may be used to pay for the MFIP cash benefits of recipients in those categories.

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[8] Since December 1997, a state district court has enjoined Minnesota from implementing the provision in the state MFIP law that sets out this separate interstate payment standard for new residents. Because the U.S. Supreme Court recently found a similar California residency law unconstitutional, the state DHS has asked the Minnesota Supreme Court to dismiss the state's appeal in the lawsuit over the provision in Minnesota law.

[9] A nonimmigrant is a person who is lawfully present in the United States, but who is not lawfully residing in the United States (because the person maintains a residence outside the United States). Nonimmigrants are generally admitted temporarily and for a limited purpose (e.g., tourists, foreign students).

[10] Laws 1997, ch. 203, art. 9, § 21, as amended by Laws 1998, ch. 407, art. 6, § 111.

MFIP Cash Benefits: Noncitizen Eligibility by Source of Funds

Category of Noncitizen	Eligible for federally funded cash portion?	Eligible for state-funded cash portion?
Undocumented noncitizens	No	No
Nonimmigrant noncitizens	No	No
Refugees; Asylees; Persons granted withholding of deportation; Cuban/Haitian entrants; and Amerasians from Vietnam	Yes	N/A
Veterans or persons on active military duty, along with their spouses and dependent children	Yes	N/A
Lawful permanent residents[11] who entered U.S. before 8/22/96	Yes	N/A
Lawful permanent residents who entered U.S. on or after 8/22/96	Only after have been in U.S. for five years	Yes, if federal funds can't be used
Battered noncitizen who is the spouse of a citizen or lawful permanent resident, and who entered U.S. before 8/22/96	Yes	N/A
Battered noncitizen who is the spouse of a citizen or lawful permanent resident, and who entered U.S. on or after 8/22/96	Only after have been in U.S. for five years	Yes, if federal funds can't be used
Noncitizens paroled into U.S.[12] for at least one year, before 8/22/96	Yes	N/A
Noncitizens paroled into U.S. for at least one year, on or after 8/22/96	Only after have been in U.S. for five years	Yes, if federal funds can't be used
Noncitizens paroled into U.S. for less than one year; Persons granted temporary permission to remain in U.S. (e.g., temporary protected status,[13] lawful temporary residents); Noncitizens applying for asylum	No	Yes

MFIP benefits also include a food portion that is issued in lieu of federal Food Stamp benefits, and is funded with federal Food Stamp dollars. (See Benefits, below.) As part of the 1996 federal Welfare Reform Act, noncitizen eligibility for the federal Food Stamp program was severely

[11] A lawful permanent resident is generally a person who has a "green card," which means the person has permission to live and work permanently in the United States and can apply for naturalization after living for five continuous years in the United States.

[12] A person is "paroled into the U.S." when the U.S. Justice Department uses its discretion to grant temporary admission to the United States for humanitarian, legal, or medical reasons.

[13] Temporary protected status is granted to a person living in the United States who is from a designated country where conditions make it unsafe for the person to return.

limited. Because MFIP uses federal food stamp funding, these noncitizen eligibility restrictions apply to MFIP. However, when the MFIP law was originally enacted the state opted to make legal noncitizen families who meet all other MFIP requirements eligible for the food portion, and to use only state monies to pay for the MFIP food portion for those families for whom federal Food Stamp funds may not be used.

The decision to use state funds to provide the MFIP food portion to noncitizen families who were not eligible for federally funded food assistance was originally enacted for limited time periods and was scheduled to sunset on June 30, 1999. However, the 1999 Legislature made permanent the provision of state-funded food assistance to noncitizen MFIP families who are not eligible for federally funded food assistance (Minn. Stat. § 256J.11, subd. 2).

The following table identifies the two categories of noncitizens who are not eligible for the food portion of MFIP, the categories for whom the state may use federal Food Stamp funds to provide MFIP food assistance, and the categories for whom the state may not use federal funds, but instead uses only state funds to provide MFIP food assistance.

MFIP Food Portion: Noncitizen Eligibility by Source of Funds

Category of Noncitizen	Eligible for federally funded food portion?	Eligible for state-funded food portion?
Undocumented noncitizens	No	No
Nonimmigrant noncitizens	No	No
Refugees; Asylees; Persons granted withholding of deportation; Cuban/Haitian entrants; and Amerasians from Vietnam	Only for seven years from date of U.S. entry	Yes, if federal funds can't be used
Veterans or persons on active military duty, along with their spouses and dependent children	Yes	No
Immigrants who were lawfully residing in U.S.[14] on 8/22/96, and who are receiving federal assistance payments for blindness or disability (i.e., SSI or SSDI)	Yes	No
Immigrants who were lawfully residing in U.S. on 8/22/96 who were age 65 or older on that date	Yes	No
Immigrant children lawfully residing in U.S. on 8/22/96 who are currently under age 18	Yes	No
American Indians born in Canada and other noncitizen American Indian applicants who are members of a tribe that is eligible for U.S. programs	Yes	No
Persons lawfully residing in U.S. who were members of a Hmong or highland Laotian tribe who assisted U.S. armed forces during the Vietnam era and their spouses, dependent children, and unremarried widows/widowers	Yes	No
Lawful permanent residents, regardless of date admitted, who don't meet one of above qualifications	Only if have 40+ quarters of work history in U.S.	Yes, if federal funds can't be used
Battered noncitizen who is the spouse of a citizen or lawful permanent resident, and who doesn't meet one of above qualifications, regardless of date admitted	No	Yes
Noncitizens paroled into U.S. for at least one year, who don't meet one of above qualifications, regardless of date admitted	No	Yes
Noncitizens paroled into U.S. for less than one year; Persons granted temporary permission to remain in U.S. (e.g., temporary protected status, lawful temporary residents); Noncitizens applying for asylum	No	Yes

House Research Department

[14] The category of "lawful permanent residents" is not the same as the category of immigrants "who were lawfully residing in the U.S." The first category covers a smaller group than the second category, because an immigrant can be lawfully residing in the United States, but not have lawful permanent resident immigration status.

The state MFIP law has two other requirements that affect a legal noncitizen's eligibility for MFIP. First, if the noncitizen has a sponsor who executed an affidavit of support, the county must deem, or count as if it were the noncitizen's, the income and assets of the noncitizen's sponsor and the sponsor's spouse in determining the noncitizen's eligibility for MFIP.

Second, in cases where a noncitizen's benefits are funded entirely with state money, the MFIP law also requires that, unless exempted, a legal adult noncitizen receiving MFIP who has been a lawful permanent resident for at least four years must make specified efforts to pursue English literacy, English as a Second Language proficiency, or U.S. citizenship in order to remain eligible for MFIP.

Eligible families must assign rights to child and spousal support, child care support, and medical support. MFIP recipients must assign all rights to child support, spousal support, and child care support, if applicable, to the state. If they fail to assign these rights, they are not eligible for MFIP.[15]

MFIP recipients must also cooperate with county child support enforcement efforts. Unless the recipient has a good cause exemption from cooperating, noncooperation makes the recipient subject to sanctions. (See Sanctions, below.)

MFIP has a 60-month lifetime limit for receiving assistance.

Eligible families must have received less than 60 months of AFDC or MFIP assistance since July 1, 1997. The federal TANF law sets a **lifetime limit of 60 months** for assistance units that include an adult who receives assistance using federal TANF money. Minnesota began counting recipients' time on assistance towards this 60-month limit in July 1997. The first families will reach this time limit in July 2002.

The state MFIP law specifies several situations where time spent on MFIP does not count towards the 60-month lifetime limit on assistance. MFIP caregivers who are age 60 or over are exempt from the 60-month lifetime limit on assistance. For an adult who is receiving MFIP and lives in Indian country, months when the unemployment rate among adults in Indian country is at least 50 percent do not count towards the 60-month limit. Months when a family receives Diversionary Assistance or Emergency Assistance also do not count towards the 60-month limit. (See Eligibility for Other Programs, below.)

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[15] If an MFIP recipient fails to assign rights to medical support, if applicable, to the state, the recipient is not eligible for Medical Assistance (MA) benefits.

For an MFIP caregiver who is a victim of domestic violence, months when the person is complying with a safety plan do not count towards the 60-month limit. (A caregiver who is complying with a safety plan may also be exempt from the MFIP work requirements. See Special Provisions for Victims of Domestic Violence, below.)

For custodial parents who are under age 20, time spent on MFIP as a teen caregiver does not count towards the 60-month limit, as long as the teen complies with the program's special requirements for teen caregivers. (See Special Requirements for Caregivers Under Age 20, below.)

Other Special Requirements for and Prohibitions against Eligibility

In a few special cases, the MFIP law imposes additional conditions for eligibility, or prohibits eligibility altogether.

MFIP assistance is not available for minor custodial parents, <u>unless</u> they and their child live in the household of a parent, legal guardian, or other adult relative, or in adult-supervised supportive living arrangements.

MFIP is not provided to:

- fugitive felons and parole and probation violators; or
- persons who have fraudulently misrepresented residency to obtain assistance in two or more states (MFIP is not provided for ten years).

Benefits

MFIP benefits are based on family size, with the MFIP grant composed of a cash portion and a food portion.[16] Counties issue both the cash and the food portion of an MFIP family's grant in electronic debit card form, called EBT (Electronic Benefits Transfer). However, the two kinds of benefits are electronically segregated on the family's EBT card. This ensures that the family can only use the food portion of their MFIP benefit to purchase food items that are approved under the federal Food Stamp program, from

[16] MFIP families receive the food portion of assistance as a part of the MFIP grant, instead of receiving a separate benefit through the federal Food Stamp program. The MFIP food portion uses the same EBT mechanism to deliver the food benefits as the Food Stamp program does.

a retailer that has been approved under that program. There are no such restrictions on the cash portion of the MFIP benefit; the family accesses these benefits through automatic teller machines (ATMs).

MFIP benefits are vendor paid or come in the form of an electronic debit card, with portions for cash and food.

However, **MFIP benefits are vendor paid**[17] for all new applicants, for the first six months they receive assistance. The only exception to this is for MFIP households where the caregiver is not the parent of the child receiving assistance, and this nonparental caregiver is receiving MFIP assistance only on behalf of the child, but not for themselves.

MFIP Assistance Standards Effective October 1, 1999

Family Size	Full Transitional Standard	Food Portion	Cash Portion
1	$358	$108	$250
2	629	192	437
3	789	257	532
4	934	313	621
5	1,061	364	697
6	1,207	434	773
7	1,319	469	850
8	1,454	538	916
9	1,588	608	980
10	1,716	681	1,035
over 10 (add for each additional member)	$127	$74	$53

House Research Department

When a household includes a person who is unrelated to the members of the MFIP assistance unit, the household's MFIP benefit is calculated based on the **shared household standard** instead of the transitional standard. The shared household standard is equal to 90 percent of the cash portion of the transitional standard for a given family size, plus the full food portion for the same family size.[18]

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[17] Vendor payments are cash assistance benefits that are paid directly to a provider of goods or services. For a new applicant, the county vendor pays the applicant's shelter costs up to the amount of the cash portion of the MFIP grant.

[18] The MFIP law specifies several exceptions when the shared household standard does not apply (Minn. Stat. § 256J.24, subd. 9).

"Opting Out" of the Cash Portion of MFIP Grant

The 1998 Legislature amended the MFIP law to allow an MFIP family to choose to discontinue receiving the cash portion of their MFIP grant. Once a family does not receive a cash portion of the MFIP grant, their subsequent months on MFIP do not count towards the family's 60-month lifetime limit on assistance. However, the family still receives the other benefits of MFIP, such as the MFIP food portion, Medical Assistance, and MFIP child care assistance; the other requirements of MFIP still apply to the family.

MFIP benefits are vendor paid for persons convicted of a felony drug offense after July 1, 1997. These individuals are also subject to random drug testing and are subject to sanctions in the month after a positive test result.

MFIP benefits are issued in the form of protective payments for minor custodial parents on MFIP; i.e., the grant is paid to another individual on behalf of the minor MFIP caregiver and the minor caregiver's child.

Eligibility for Other Programs

MFIP recipients are also eligible for MA and MFIP Child Care Assistance, or may be eligible for DA or EA.

MFIP recipients are automatically eligible for health care benefits through the Medical Assistance (MA) program.

MFIP recipients who are working or otherwise involved in the employment and training services component of MFIP are eligible for assistance with their child care costs through the MFIP Child Care Assistance program.[19]

Counties also screen MFIP applicants to see if they are eligible for either of two other programs: Diversionary Assistance or Emergency Assistance.

Diversionary Assistance (DA)

Diversionary Assistance may be provided for a limited time (only once in every 36 months) to families:

- who have lived in Minnesota for at least 30 days;

[19] Families who leave MFIP due to either an increase in income from earnings or an increase in child or spousal support payments are eligible for 12 months of child care assistance through the Transition Year Child Care Assistance program.

- who have experienced a temporary loss of income or who anticipate a loss of employment due to an unexpected emergency;
- who are not on MFIP, but who are at risk of MFIP eligibility;
- who have household income below 140 percent of the poverty level; and
- for whom DA will resolve the emergency

The goal of DA is to divert the family from going onto MFIP by providing a one-time assistance payment that the family can use as it needs to resolve its employment-related emergency. DA can provide a one-time payment that is equal to up to four times the amount of the MFIP transitional standard for a family of the same size. A family receiving DA may also receive Food Stamps, but is ineligible for MFIP and Emergency Assistance (EA) during the period of time covered by DA. Unlike MFIP and EA, DA is not a universally offered program; not all counties have chosen to offer DA.

Emergency Assistance (EA)

EA is available to MFIP-eligible families for one 30-day period in a consecutive 12-month period. This program provides cash assistance to meet certain specific emergency needs, such as rent, repair costs, and mortgage or utility arrearages, that would otherwise leave the family destitute.

WorkFIRST

WorkFIRST is a pilot project that began operating in Clay and Carver Counties in November 1996. Since January 1998, the program has been operating in place of MFIP in those two counties for families who are first-time applicants for public assistance. WorkFIRST is designed to put first-time applicants back into the workforce as quickly as possible by requiring intensive job search and immediate work. Most WorkFIRST applicants must begin a job search immediately. If the person is not working within 60 days, the person is required to take a temporary public service job and also must continue his or her job search.

The WorkFIRST program also shares many features with MFIP, providing the same level of benefits and related support services, imposing sanctions for noncompliance with program requirements, and having a 60-month lifetime limit on assistance.

Other MFIP Features and Requirements

The Employment and Training Component of MFIP

MFIP recipients must spend a specified number of hours every week in work or other work activity.

MFIP is designed to be a welfare program that "expects, supports, and rewards work."[20] MFIP caregivers are required to spend a specified number of hours per week engaged in work or other work activity. For example, a caregiver who is in the initial job search step of MFIP's employment and training component is expected to spend an average of 30 hours/week, for eight weeks, in job search activities. The table below shows the program's minimum hourly work requirements that apply during the other steps of the MFIP employment and training process.

MFIP Required Weekly Hours of Work

Year	Single-parent family with at least one child under 6	Single-parent family with no children under 6	Two-parent family (hours are combined)
10/1/98 to 9/30/99	20-35	25-35	at least 55
10/1/99 and thereafter	20-35	30-35	at least 55

House Research Department

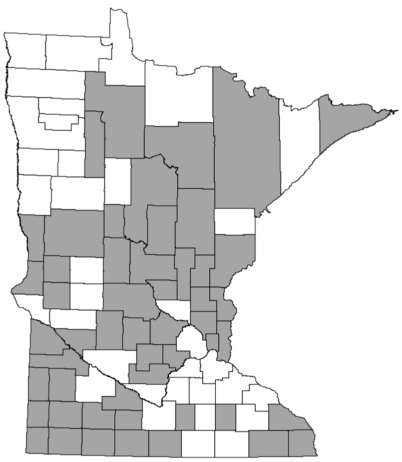
For a two-parent family the program's work requirements begin when the family receives its first MFIP monthly grant. A single-parent family may receive an MFIP grant for a few months without being required to meet the work requirements. However, within six months of receiving MFIP cash assistance, single-parent families must also comply with the program's work requirements. Each county decides the point within the first six months that single-parent MFIP families in the county will be required to comply with the work requirements of the employment and training services component of MFIP.

The maps on the next page group Minnesota counties by the "time trigger" that each county has selected for its single-parent MFIP families. The figure shows that most counties have elected to require single parents to comply with work requirements either immediately or within a month of receiving MFIP cash assistance.

MFIP also has special requirements for custodial parents who are under age 20 and lack a high school diploma or its equivalent. These requirements begin when a teen parent receives the first MFIP monthly grant. (See Special Requirements for Caregivers Under Age 20, below.)

[20] From the DHS flyer **Statewide Minnesota Family Investment Program** (publication DHS-3179).

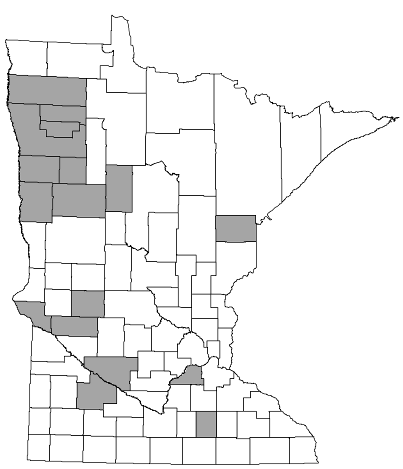
MFIP Employment and Training Services
Time Trigger for Single Parents as of June 1999



0 months

Counties where Time Trigger is Month Zero

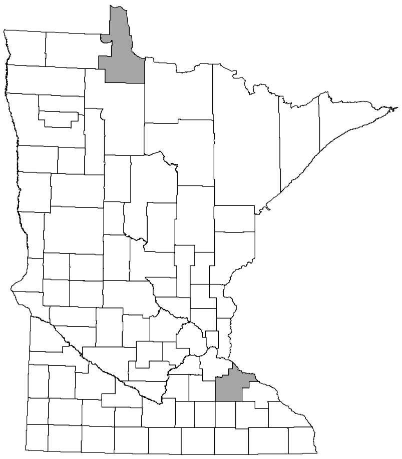
Aitkin	Houston	Pipestone
Anoka	Isanti	Ramsey
Beltrami	Itasca	Rock
Benton	Jackson	St. Louis
Brown	Kanabec	Sibley
Carver	Kandiyohi	Stearns
Cass	Lac Qui Parle	Stevens
Chippewa	Lincoln	Todd
Chisago	Lyon	Traverse
Clearwater	Martin	Wadena
Cook	Meeker	Waseca
Cottonwood	Mille Lacs	Washington
Crow Wing	Morrison	Watonwan
Dodge	Murray	Wilkin
Faribault	Nobles	Winona
Fillmore	Otter Tail	Wright
Grant	Pine	Yellow Medicine



1 month

Counties where Time Trigger is Month One

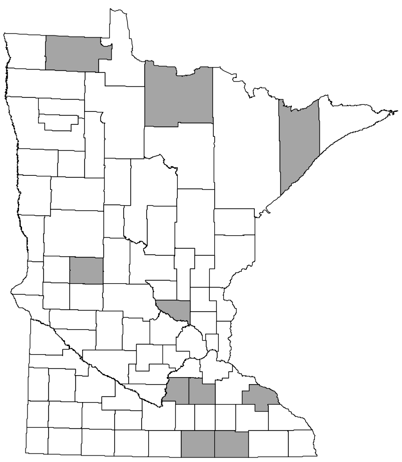
Becker	Marshall	Redwood
Big Stone	Norman	Renville
Carlton	Pennington	Scott
Clay	Polk	Steele
Hubbard	Pope	Swift
Mahnoman	Red Lake	



2 months

Counties where Time Trigger is Month Two

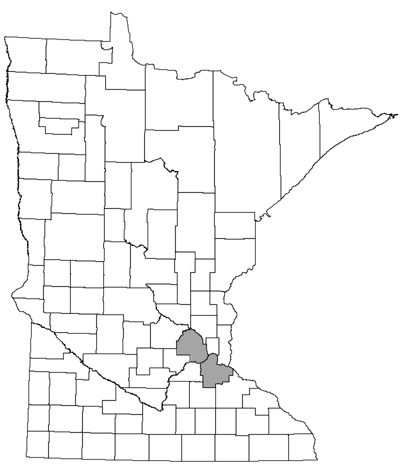
Goodhue	Lake of the Woods



3 months

Counties where Time Trigger is Month Three

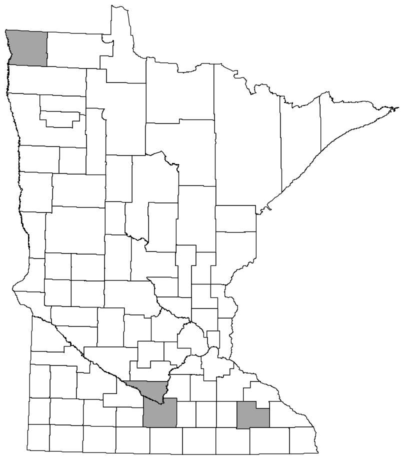
Douglas	Mower
Freeborn	Rice
Koochiching	Roseau
Lake	Sherburne
LeSueur	Wabasha



4 months

Counties where Time Trigger is Month Four

Dakota	Hennepin



6 months

Counties where Time Trigger is Month Six	
Blue Earth	Nicollet
Kittson	Olmsted

Source: Department of Human Services data, effective June 1, 1999

Employment and Training Services Providers

Counties provide employment and training services to MFIP recipients.

The MFIP law allows counties to choose from among three types of employment and training services providers: agencies that are certified by the Department of Economic Security; agencies that are not certified, but with which a county has contracted to provide employment and training services; and a county agency that has opted to provide employment and training services as its own provider.

Each county, or group of counties working cooperatively, must offer MFIP employment services participants a choice of at least two employment and training providers, unless doing so would be a financial hardship for a county. A county may choose to provide services on its own as one of these providers. A county can also meet this provider choice requirement by using a workforce center[21] that uses multiple employment and training services and offers multiple service options as its employment and training services provider.

In two-parent MFIP families each parent must choose the same employment and training services provider, unless a parent has an identified special need that is not available through the provider being used by the other parent.

Employment and Training Services Process for Most MFIP Caregivers

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[21] A workforce center brings together state, county, and private nonprofit employment and training related services under one roof, to provide a seamless and comprehensive system for job seekers and employers. There are 53 workforce centers throughout the state.

MFIP caregivers must participate in MFIP employment and training activities or face the possibility of a sanction. The only exceptions to this requirement are if: (1) the caregiver is already working enough hours[22]; or (2) the caregiver is otherwise exempt from the employment and training requirements of the program.

The county's employment and training service provider (whose staff are generally called "job counselors") first provides an overview of the employment and training component of MFIP. The job counselor then conducts an initial assessment of an MFIP caregiver's ability to obtain and retain employment. If the job counselor's opinion is the person is likely to be able to obtain suitable employment,[23] the person is required to conduct up to eight weeks of job search, at 30 hours per week.[24] The job counselor and the caregiver jointly develop a job search support plan that lays out the activities the person is expected to follow, and specifies the types of supports (e.g., child care or transportation assistance) that will be available to the person while conducting job search activities. If the person has not obtained suitable employment at the end of eight weeks, or if the person, in the opinion of the job counselor, has too many barriers to finding suitable employment, the job counselor must conduct a more in-depth secondary assessment of the person.

The job counselor and the caregiver use the results of the secondary assessment to jointly develop an employment plan that lays out the activities and steps the person must follow on "the most direct path to unsubsidized employment." (See What Counts as Work, below, for a list of activities that may be included in an employment plan.) Once the caregiver completes the steps in his or her employment plan the person must accept any offer of suitable employment. A caregiver who does not accept an offer of suitable employment, or who does not comply with any of the program's other work requirements, faces the possibility of a sanction.

[22] Thirty-five hours per week if a single parent or one parent in a two-parent family; or 20 hours per week if the second parent in a two-parent family.

[23] MFIP defines "suitable employment" as work that is within the person's physical and mental abilities, pays at least minimum wage, meets applicable health and safety standards, and complies with antidiscrimmination laws.

[24] In a two-parent family, the job search requirement is 30 hours per week for each parent.

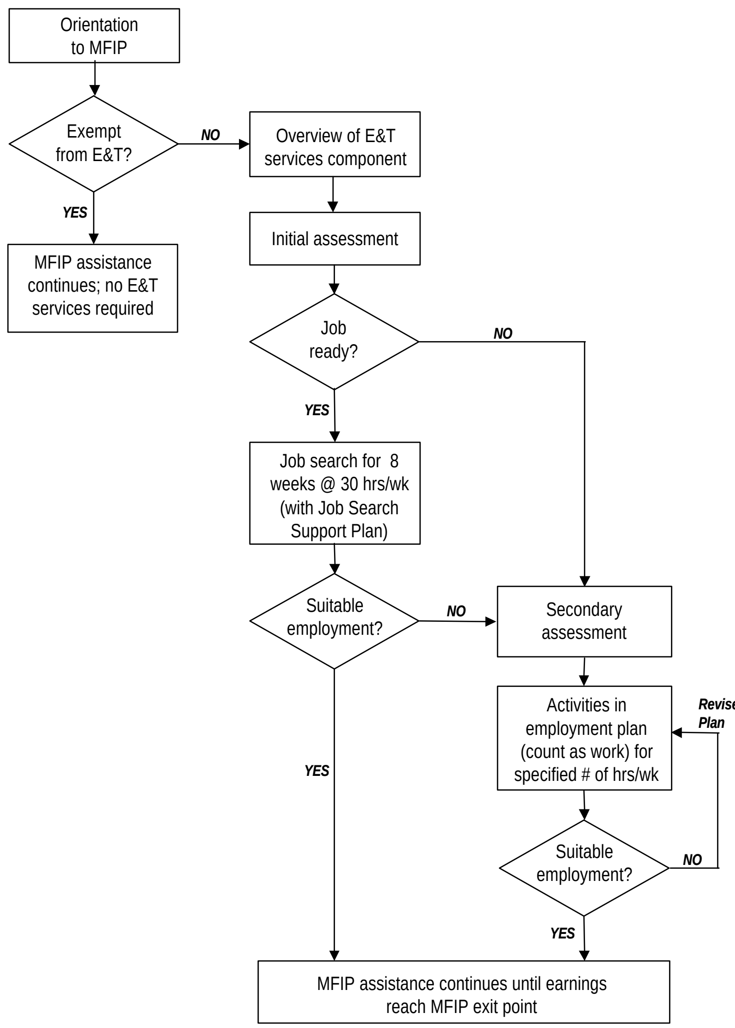
Other Avenues to a Secondary Assessment

The MFIP law also specifies some other ways that an MFIP caregiver can obtain a secondary assessment. These include:

- if the caregiver has not had a secondary assessment, is working at least 20 hours per week, and the caregiver, job counselor, or county agency requests one
- if the caregiver has an existing job search or employment plan that was developed through another program
- if the caregiver is already involved in training or education activities, and the activities are modified to meet MFIP requirements
- if the caregiver has worked for six consecutive months for an average of more than 20 hours per week

The following flow chart depicts the major steps in the MFIP employment and training services process.

MFIP Employment and Training (E&T) Services for a Typical Recipient



Special Requirements for Caregivers Under Age 20

Individual Assessment Required

The employment and training requirements are different if the MFIP caregiver is a custodial parent under age 20. Within a month of receiving MFIP benefits the county must document the teen caregiver's educational level. If the teen has not obtained a high school diploma or its equivalent, the county must also assess the teen's educational progress and needs. The purpose of this individual assessment is to identify an appropriate educational option for the teen. If the teen caregiver is a minor, the county social services agency conducts this assessment. If the teen caregiver is 18 or 19, an employment and training services provider conducts this assessment (or, at a county's option, the county social services agency also conducts this assessment for these older teens).

Education is Teen's First Option

If the individual assessment identifies an appropriate educational option for the teen, the teen caregiver's employment plan must require the teen to complete the educational option as the teen's first goal.

In many cases, education is the first priority for teen MFIP caregivers.

The MFIP law requires an MFIP caregiver who is a custodial parent under age 20 and who has not yet obtained a high school diploma or its equivalent to attend high school or another equivalent training program. A teen caregiver who does not attend school faces the possibility of a sanction, unless one of a limited number of exemptions applies:

- transportation to attend school is unavailable;
- appropriate child care is unavailable;
- the teen caregiver is ill or incapacitated seriously enough to prevent attending school; or
- the teen caregiver is needed to care for an ill or disabled household member.

Employment and Training when Education is not Appropriate

The individual assessment may indicate that an MFIP teen caregiver does not have an appropriate educational option, even though the teen lacks a high school diploma. If the teen is age 18 or 19, the general MFIP employment and training services requirements apply, and the job counselor and teen must develop an employment plan. If the teen is under age 18, the teen must be referred to the county's social services agency, where a plan for the teen parent and child must be developed.[25]

If an MFIP caregiver is a custodial parent who is under age 20 and has a high school diploma or its equivalent, the general MFIP employment and training services requirements apply. However, a county may opt to have a social services agency conduct the required initial assessment and complete the job search support or employment plan.

What Counts as Work

Unsubsidized employment is just one of many ways MFIP defines work activity.

In the MFIP program, a work activity is "any activity in a participant's approved employment plan that is tied to the participant's employment goal" (Minn. Stat. § 256J.49, subd. 13). The statute also specifies that any activity that is included in a participant's approved job search support plan or employment plan meets the definition of work for the purposes of the work requirements in the federal TANF law. (See Appendix VI for a discussion of the federal work requirements.)

Job search activities, and all of the activities in a person's employment plan, count as work activities for the purpose of meeting the MFIP hourly work requirements. The MFIP definition of work activity includes, but is not limited to, any of the following 26 activities:

1. unsubsidized employment;
2. subsidized private or public sector employment, including grant diversion;
3. work experience, including the Community Work Experience Program (CWEP) and refurbishing publicly assisted housing;
4. on-the-job training;
5. job search, either supervised or unsupervised;
6. job readiness assistance;
7. job clubs, including job search workshops;
8. job placement;
9. job development;
10. job-related counseling;
11. job coaching;
12. job retention services;
13. job-specific training or education;
14. job skills training directly related to employment;
15. the self-employment investment demonstration (SEID);

[25] An 18- or 19-year old custodial parent who has been receiving services from a social services agency, and who does not yet have a high school diploma, may choose whether to continue to receive services from the social services agency or to instead use an employment and training services provider (Minn. Stat. § 256J.54, subd. 2).

16. preemployment activities;[26]
17. community service programs;
18. vocational educational training or educational programs;
19. apprenticeships;
20. GED classes or an adult diploma program;
21. high school classes, if the participant lacks a high school diploma;
22. adult basic education classes;
23. internships;
24. bilingual employment and training classes;
25. providing child care for a participant who is in a community service program; and
26. activities in a safety plan.

MFIP is designed to give the job counselor a great deal of discretion in approving activities for inclusion in a recipient's job search support plan or employment plan. However, the 1999 Legislature amended the MFIP law to require that job counselors allow recipients who are only proficient in reading or math at or below an eighth grade level to include basic education activities in the recipients' plans (Minn. Stat. § 256J.52, subd. 5a).

Post-secondary Education as a Work Activity

Post-secondary education, included under item 18 on the list of work activities, is not routinely available to MFIP recipients. The MFIP law allows job counselors to approve post-secondary education as a work activity only when the education program meets criteria specified in the law. These criteria include documentation about: the value of the program in obtaining significantly higher paying employment; the availability of suitable employment that requires the training or education provided by the program; and the recipient's ability to meet the admission requirements and complete the program.

In order for an education program to be included in a recipient's employment plan, the person must also fit into one of the following categories:

1. at the initial assessment the person has presented a plan for an education or training program that: lasts 12 months or less; meets the required criteria for education or training programs; and is likely

[26] Preemployment activities include a wide range of activities that are designed to help families reach their employment goals and enhance their ability to care for their children. The statute lists the following examples of preemployment activities: volunteer work; literacy programs and activities; citizenship and ESL classes; dislocated worker services; chemical dependency treatment; mental health services; peer group networks; displaced homemaker programs; strength-based resiliency training; and parenting education.

to lead to earnings that are greater than the maximum income level allowed under MFIP;

2. at the initial assessment the job counselor determines that the person needs refresher courses for professional certification or licensure. These courses must be included in the person's job search support plan or employment plan;

3. after a secondary assessment, the job counselor and the person have included specific goals in the person's employment plan that can only be met with the additional education or training; or

4. the person is already involved in training or education activities, the activities are modified with job counselor approval as needed to meet the MFIP criteria for education or training programs, and the person's hours spent in those activities, either alone or combined with hours spent in employment, meet the MFIP hourly work participation requirements.

The MFIP law also requires a recipient for whom a post-secondary education or training program has been approved to maintain satisfactory progress in the program.

Generally, post-secondary education under MFIP is limited to 12 months.

Under MFIP, post-secondary education is generally limited to 12 months. Education and training programs that are 13 to 24 months long may be approved if, in addition to meeting the required conditions, the recipient agrees to repay the amount of funds paid by the county to support the recipient in the program for the months after the 12th month. Once the recipient is earning annual gross wages of at least 150 percent of the federal poverty level, the person must repay the county for the employment and training funds it expended to support the person's education program. An MFIP caregiver cannot be approved for more than a total of 24 months of post-secondary education or training.

A person who has completed a post-secondary education or training program is required to complete three months of job search. If at the end of three months the person has not found a job that is consistent with the person's education program, the person must accept any offer of suitable employment.

Who is Exempt from Employment and Training Requirements

Certain MFIP caregivers are exempt from the program's work requirements:

- a person who is age 60 or over, or who is certified to be ill, injured, or incapacitated to such an extent that the person is unable to find or keep a job;

- a person who is needed in the home to care for a household member who is certified to be disabled or ill;

- a caregiver who personally provides full-time care for a child under the age of one (this exemption is available for 12 months total in a caregiver's lifetime);

- a pregnant woman, if the pregnancy is certified to prevent the woman from obtaining or retaining employment;

- a single parent, or one of the parents in a two-parent family, employed at least 35 hours a week;

- a person experiencing a crisis who the county determines is unable to participate in the program (persons in this category must be evaluated every 60 days.); or

- a second parent in a two-parent family who is employed for at least 20 hours per week, provided the other parent is employed at least 35 hours per week.

However, the 60-month lifetime limit on receiving MFIP still applies to a caregiver who is exempt from the program's work requirement (except for persons who are exempt because they are age 60 or older).

Special Provisions for Victims of Domestic Violence

An MFIP caregiver who is a victim of domestic violence may be deferred from the MFIP work requirements for a total of 12 months, if the county agency has approved the person's safety plan and the person is complying with the plan. Under this provision the county initially defers the person for three months, and then may extend the deferral every three months for a total of 12 months.

Sanctions

MFIP recipients who do not comply with program requirements may be sanctioned through reduction of their monthly grant.

Another important feature of MFIP is its sanctions. The program has requirements that recipients are expected to follow, such as attending the MFIP orientation, cooperating with child support enforcement efforts, developing and following the job search support plan or employment plan, and accepting an offer of suitable employment. A recipient who does not follow a program requirement faces a sanction for noncompliance.

In general, for the first occurrence of noncompliance, the family's monthly grant is reduced by an amount that is equal to 10 percent of the transitional standard[27] for a family of that size. (See Benefits, above, for a table listing the MFIP transitional standard by family size.) For a second or subsequent occurrence of noncompliance, or when both parents in a two-parent family are out of compliance at the same time, the family's shelter costs are vendor paid up to the amount of the family's cash portion of their MFIP grant. (A county may opt to also vendor pay the family's utilities as part of this sanction.) Any remaining cash portion of the grant, and the food portion of the family's MFIP grant, is reduced by an amount equal to 30 percent of the applicable standard for a family of that size. Once a family's cash portion is being vendor paid as a result of a sanction the vendor payments stay in effect until six months after the recipient returns to compliance with MFIP requirements.

The MFIP law provides for slightly different levels of sanctions if the recipient is being sanctioned for refusing to cooperate with child support requirements, or if the recipient faces a dual sanction for refusing to cooperate with child support requirements as well as failing to comply with other program requirements. In all cases, each month that a recipient does not follow a program requirement is considered a separate occurrence of noncompliance. A recipient must remain in compliance with all program requirements for six months in order for a subsequent occurrence of noncompliance to be considered as if it were a first occurrence of noncompliance.

[27] Or 10 percent of the shared household standard, if that is the standard that applies to the family.

Funding and Expenditures

MFIP is funded with a combination of federal funds and state appropriations. The TANF block grant for each state is based on the state's historical expenditures for AFDC, JOBS (the old AFDC work and training program), and AFDC emergency assistance. Minnesota receives approximately $268 million[28] annually in TANF block grant funding in federal fiscal years 1998-2002. The state legislature must appropriate federal TANF funds before the state can spend them.

In MFIP's first fiscal year, its expenditures were $348 million.

Under the federal TANF law, a state must also spend its own resources to provide assistance to needy families. The federal law includes a maintenance of effort (MOE) provision that requires a state to spend at least 80 percent of the amount it spent in federal fiscal year 1994 under its old AFDC and related programs, including child care assistance to eligible families.[29] Minnesota's required MOE amount is $191 million per year. The state currently uses general fund spending on MFIP cash assistance benefits and MFIP child care, as well as general fund spending on state and county administrative costs and employment services, to meet its TANF MOE requirement.

For state fiscal year 1999 the legislature appropriated about $215.9 million in federal TANF funds, and also appropriated $172.7 million in state funds for MFIP.

According to DHS, for state fiscal year 1999, which is the first complete year that MFIP was in operation statewide, total expenditures were $348.0 million. Of this total, $119.1 million was financed with federal TANF funds, $119.0 million was from federal Food Stamp funds,[30] and $109.9 million was financed with state appropriations.

Of the total MFIP expenditures in state fiscal year 1999, $348.0 million was for assistance grants to MFIP families. The state also spent $38.5

[28] Minnesota's TANF block grant amount is $267.985 million each year. Of this amount $824,000 is allocated directly to the Mille Lacs Band of Ojibwe for the band's Tribal TANF program. This leaves the state with an effective annual block grant of $267.161 million.

[29] 42 USC 609 (a) (7)

[30] Federal Food Stamp funds pay for MFIP food portion benefits for citizen recipients, and for legal noncitizen recipients for whom federal Food Stamp funds may be used.

million for block grants to counties for employment and training services for MFIP recipients, and $54.6 million for administrative costs.[31]

Recipient Profile

In January 1999 (midway through state fiscal year 1999), 45,313 families, and a total of 137,401 recipients, were receiving MFIP assistance. According to DHS, about 72 percent of these MFIP cases had one eligible parent, about 12 percent had two eligible parents, and about 16 percent were cases with no eligible parent in the household.[32]

For January 1999, a total of 9,600 of the MFIP cases were exempt from the employment and training services component of the program.

The average family size among MFIP recipients is about three people. About 72 percent of MFIP families have two or fewer children.

The large majority of MFIP caregivers are 20 years old or older. In January 1999, about 1.8 percent of MFIP families were headed by an eligible parent who is under age 18, and about 6.2 percent of MFIP families were headed by an eligible parent who is age 18 or 19.

Most MFIP families (about 62 percent) live in the seven-county Twin Cities metropolitan area. And most MFIP caregivers (about 58 percent) have at least a high school education.

[31] In state fiscal year 1999, the Department of Children, Families and Learning also spent $62.0 million for MFIP child care assistance costs. (See the chapter on Child Care for more information about MFIP child care.)

[32] Examples of situations where no eligible parent is included in an MFIP case are: the parent receives Supplemental Security Income (SSI) and is not included in the MFIP grant; it is a child-only case where MFIP benefits are paid only for a child in the household.

Minnesota Supplemental Aid

Minnesota Supplemental Aid (MSA) is a state program that provides supplemental cash assistance to needy aged, blind, and disabled persons who are SSI recipients, or who would qualify for SSI except for excess income.

Administration

Congress

MSA provides a required income supplement to the needy aged, blind, and disabled people who previously received higher benefits from various federal programs.

When Congress established the Supplemental Security Income (SSI) program (see **SSI**, page 55), it mandated that states supplement the payments of SSI recipients who had previously received higher benefits under the former Old Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Disabled (AD) programs. The MSA program delivers this mandated supplement to Minnesota recipients of SSI. Congress also offered states the option of supplementing the income of two other groups: (1) SSI recipients who had not received OAA, AB, or AD and (2) those who would have qualified for the former programs but are ineligible for SSI due to excess income or resources. Minnesota offers both optional supplements to Minnesota residents through the MSA program.

Congress has set general SSI program requirements for citizenship, disability determinations, and resource limits.[33] States with state-administered supplement programs, such as Minnesota, set their own eligibility requirements within the general framework of the federal requirements.

Minnesota State Legislature

The legislature established the MSA program in the Laws of Minnesota 1974, chapter 487. The state law was revised in 1989 as the Minnesota Supplemental Aid Act, and is codified at Minnesota Statutes, sections 256D.33 to 256D.54. The state law includes:

- application procedures
- eligibility requirements such as real and personal property limitations and income limits
- standards of assistance and methods of payment

State Department of Human Services (DHS)

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[33] States with federally administered supplement programs must adhere strictly to these requirements.

DHS supervises program administration. DHS maintains MAXIS, which is the centralized computer system for determining an applicant's eligibility for MSA and MSA grant amounts. DHS also assists counties in MSA administration by providing them with technical assistance on eligibility requirements and other program components.

Counties

The counties administer the MSA program. The county welfare agency, through the MAXIS computer system, determines if an individual meets the state's eligibility requirements and calculates the amount of each recipient's MSA cash grant.

Eligibility Requirements

An elderly, blind, or disabled individual qualifies for MSA if his or her income and assets are below the limits established by the state legislature and DHS.

MSA helps aged, blind persons of all ages, and disabled persons age 18 or older, whose income and resources are insufficient to meet the costs of their basic needs. An elderly, blind, or disabled individual qualifies for MSA if his or her income and assets are below the limits established by the state legislature and DHS.

Income Limits

Under the direction of the Minnesota Legislature, DHS limits eligibility based upon maximum income levels for MSA recipients. The limit applies both to earned and unearned income.

To be financially eligible for MSA an individual must meet both a gross monthly income test and a net monthly income test. ("Gross monthly income" means a household's total nonexcluded income, before any deductions have been made. "Net monthly income" means gross income minus all deductions allowed by the program.) To be eligible for MSA, the applicant must have gross income no greater than 300 percent of the SSI federal benefit rate. In calculating an applicant's gross income state law also specifies that the MSA program excludes the same sources of income that the federal SSI program excludes in determining SSI eligibility (for example, the value of food stamps is excluded).

The applicant's net income must also be below the MSA benefit standards in order for the applicant to be eligible for MSA. (See assistance standards under Benefits, below.) The applicant's net monthly income is calculated by subtracting all of the applicable allowed income disregards and deductions from the applicant's gross monthly income.

In calculating net income for individuals who are SSI recipients, the county agency counts the full amount of their SSI federal benefit rate as gross unearned income. The county then allows for a $20 general income disregard.

For individuals who are not SSI recipients, the net monthly income calculation depends upon whether the individual lives in a long-term care facility where the Medical Assistance program (see MA, page 68) pays the cost of care. For these applicants the following disregards and deductions are calculated:

- an $80 earned income disregard, and a deduction of earned income expenses
- a deduction for guardianship fees to a legally appointed guardian or conservator, up to a $100 maximum
- allocations allowed under the MA program for long-term care facility residents

For all other MSA applicants the county disregards or deducts the following amounts to calculate the applicant's net monthly income:

- for blind and disabled students under age 22, an earned income disregard of up to a maximum of $400 a month, not to exceed $1,620 in a calendar year

- a $20 general income disregard

- $65 of earned income; if both spouses are recipients, the disregard is $65 of the couple's combined earned income

- an impairment-related work expense deduction for disabled individuals

- one-half of the remaining earned income; if both spouses are recipients, the disregard is one-half of the couple's combined earned income

- a work expense deduction for blind individuals: income set aside by a disabled or blind recipient (for up to 36 months) under an approved plan to achieve self-support (PASS)

Asset Limits

Federal and state law and regulations also set the value of assets an individual may possess and be eligible for the MSA program. A single

MSA recipient can have no more than $2,000 in net counted assets after all allowable exclusions. A married couple can have $3,000 in net counted assets.[34] Certain assets are excluded from consideration in calculating the value of an applicant's assets. Examples of excluded assets are:

- the value of the homestead, if it is owned and occupied by the recipient or the recipient's spouse
- the value of one vehicle, if it is used for employment or other special purposes. Otherwise the applicant may have one vehicle valued at no more than $4,500
- certain assets used for self-support
- one burial space (or up to $1,500 in burial funds) for each eligible person and each member of that person's immediate family

State regulation also excludes household goods and personal effects up to a value of $2,000. For a complete list of asset limits, see Appendix I.

If an applicant's net countable assets exceed the limits, he or she is not eligible for MSA. State regulations prohibit an applicant from transferring property for less than adequate compensation in order to qualify for MSA. Property thus transferred is presumed available for the applicant's support.

Additional Eligibility Requirements

In addition to being financially needy aged, blind, or disabled, MSA recipients must live in Minnesota and be a U.S. citizen or eligible noncitizen.

In addition to financial need, the following conditions must be present to establish eligibility. An MSA recipient must also be:

- a recipient of SSI; or be eligible for SSI except for excess income and be:
  - aged—defined as those age 65 or older;
  - blind—defined as having vision no better than 20/200 with glasses or a limited visual field of 20 degrees or less. There is no age requirement for this basis of eligibility; or
  - disabled—A person must have a disability within the meaning of the federal Social Security Act, Title II. The person must be 18 years of age or older, and must be unable to work and support

[34] For persons who reside in a long-term care facility where the MA program pays the cost of care, the MA program's asset provisions and limits apply.

him or herself because of a permanent and total physical impairment.

- a citizen of the United States

  Noncitizens may be eligible under some circumstances. However, undocumented immigrants, and noncitizens who are in the United States legally on a temporary basis and are not immigrants, are not eligible for MSA. Persons who are not eligible for the federal SSI program because of their noncitizen status are also not eligible for MSA.

- reside in Minnesota

  The MSA grant is canceled whenever a recipient is absent from the state for one calendar month or more.

Benefits

MSA monthly cash grant

MSA recipients receive a monthly cash grant to supplement their income.

MSA recipients receive a monthly cash grant to supplement their income. The amount of the MSA grant is computed by subtracting an individual's net countable income from the MSA assistance standard that applies to the recipient. A county may set higher standards than the state, so long as the county pays the additional costs.

Certain MSA recipients are only eligible for a monthly personal needs allowance of $65. MSA recipients who receive this personal needs allowance are:

- individuals who receive a monthly SSI benefit of $30 because they live in a long-term care facility
- individuals who live in group residential housing (GRH)
- individuals who live in a nursing facility or other medical facility where the MA program (see MA, page 68) pays the cost of care
- blind children who meet certain requirements

1999 MSA Assistance Standards

Type of Recipient	Monthly Assistance Standard

Individual recipient living alone Individual recipient living with others	$561 $424
Married Couple: Both receiving MSA prior to 1/1/94 Living with others Not living with others	 $825 $857
Married Couple: Both found eligible for MSA after 1/1/94 Living with others Not living with others	 $562 $842
Individual eligible for personal needs allowance only	$65

For some MSA recipients with special needs, their MSA assistance standard also includes amounts for these ongoing special needs. "Special needs" that are recognized by the program include prescribed diets, guardian or conservator service fees, and representative payee service fees.

Nonrecurring special needs

The MSA program also makes available additional cash payments for a recipient's nonrecurring special needs such as necessary home repairs and necessary repairs or replacement of essential furniture or appliances.

Emergency MSA (EMSA)

MSA recipients and individuals presently residing in Minnesota who meet all MSA eligibility requirements may receive a special MSA grant to meet emergency needs. "Emergency need" is defined as need which threatens the person's health or safety. Individuals must apply all available resources, even those normally excluded, toward the emergency. EMSA pays the minimum amount needed to resolve the emergency.

Eligibility for other assistance programs

MSA recipients may also be eligible for MA, GRH, and other social services.

- Medical Assistance (also called Medicaid or MA). All MSA recipients are eligible for services available through the state's Medical Assistance program (see MA, page 68).

- Group Residential Housing (GRH). MSA recipients may be eligible for residence in a GRH facility, which is a group living arrangement that provides at a minimum, room and board to unrelated individuals, and where the facility is paid at a rate negotiated by the state or county under Minnesota Statutes, chapter 256I. (See GRH, page 134.)

- Social Services. State laws mandate that certain social services be available to MSA recipients.

Monthly MSA cash grants are paid directly to program recipients, except for persons in group residential housing or other institutional settings. The county may also make payments to a protective "representative payee" instead of the recipient if the recipient cannot manage his or her funds. The representative payee may be any person or agency concerned with the recipient's welfare.

Funding and Expenditures

The state finances MSA grants with general fund appropriations.

In state fiscal year 1998, the state spent $22,683,895 to supplement the income of aged, blind, and disabled persons through the MSA program in Minnesota. A monthly average of 24,286 individuals received MSA in SFY 1998.

Recipient Profile

An estimated 80 percent of MSA recipients also receive federal SSI benefits. Of all MSA recipients, about 24 percent are aged, 1 percent are blind, and 75 percent are disabled. Only about 10 percent of all MSA recipients live in long-term care facilities where the MA program pays the cost of care.

Supplemental Security Income

Supplemental Security Income (SSI) is a federal program that provides cash assistance to needy aged, blind, and disabled persons.

Administration

Congress

SSI replaced individual federal programs that provided assistance to the elderly, blind, and disabled.

Congress established SSI as Title XVI of the Social Security Act. The program went into effect on January 1, 1974. SSI replaced the former federal-state programs for Old Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Disabled (AD) authorized by Titles I, X, and XIV of the Social Security Act. Title XVI sets uniform, nationwide standards for administration of SSI. The law defines “old age,” “blindness,” and “disability,” establishes income and resource limits, sets income exclusions and disregards, mandates certain state supplementation and allows other optional supplements, and provides a process for the hearing, appeal, and review of disputed cases.

Social Security Administration (SSA)

The SSA became an independent agency on March 31, 1995. It has responsibility for administering the Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. SSA also administers the Medicare and Black Lung programs.

The SSA sets uniform, nationwide standards for administration of SSI. The law establishes specific program regulations, including residence and citizenship requirements. These regulations are contained in the Code of Federal Regulations (CFR) Title XX.

The local offices of the SSA administer SSI in the states. The local offices determine if an applicant is eligible for benefits, determine the amount of the grant, and authorize the payment.

Eligibility Requirements

SSI assists aged, blind, or disabled adults and blind or disabled children whose income and resources are insufficient to meet the costs of their basic needs. An individual qualifies for SSI if his or her income and assets are below the limits established by Congress.

Income Limits

In order to qualify for SSI, an individual's net income, after all allowed income disregards and exclusions are applied, must be below the maximum monthly SSI benefit. (Refer to the Benefits section below for these maximums.) The maximum monthly benefit is uniform nationwide and is increased each January based upon a formula in the Social Security Act.

In determining eligibility, both income received as a direct result of work activities (called "earned income") and income obtained from other sources (e.g., gifts or pensions, called "unearned income") are counted against the maximum monthly benefit. When counting income, the government disregards the first $20 of most income received in a month and the first $65 of earned income, plus half of remaining earnings received in a month. Income received from certain sources, such as most scholarship funds and certain federal housing payments, is exempt from the limits.

Disabled recipients who work and who lose eligibility for regular SSI and Medical Assistance (MA) because of increased earnings may, in most instances, receive MA and cash benefits under special provisions designed to assist working persons with a disability.

Asset Limits

Federal law also sets the value of assets an individual may possess and be eligible for SSI. "Assets" include:

Real property. The value of a homestead is excluded.

Personal property. An individual may own a car up to a market value limit of $4,500. The value of one car may be totally excluded if the car is necessary for employment or adapted for operation by or transportation of a person with a disability or for other essential transportation.

Liquid assets. The value of liquid assets, such as cash-on-hand, savings, stocks, trusts, and other investments cannot exceed $2,000 for a single individual and $3,000 for a married couple.

The value of household goods and personal effects (up to an equity value of $2,000) is excluded from the resource limits. Federal law allows an individual to sell excess resources to qualify for SSI.

Additional Eligibility Requirements

In addition to financial need, the following conditions must be present to establish eligibility. An SSI recipient must:

In addition to being financially needy, SSI recipients must be U.S. citizens or noncitizens meeting certain criteria and cannot reside in public institutions.

- **be a citizen residing in the United States or a noncitizen meeting specified immigration criteria**

The federal welfare reform act placed limitations on the provision of SSI benefits to legal noncitizens. These limitations were partially offset by provisions passed in the Balanced Budget Act of 1997. Together, the two acts provide that:

1. Legal noncitizens receiving SSI benefits on August 22, 1996, will continue to receive SSI benefits. Legal noncitizens residing in the United States on that date who later become disabled will be eligible for SSI;

2. Legal noncitizens entering the United States after August 22, 1996, will not be eligible for SSI; and

3. Refugees, asylees, and aliens whose deportation has been withheld will be eligible for SSI and MA for seven years after entering the United States.

- **not reside in a public institution**

Certain health and publicly operated community facilities covered by the Medicaid program are exempt from this provision.

- **be one of the following:**

Aged. Federal law defines the "aged" as those age 65 or older.

Blind. Federal law defines "blindness" as vision no better than 20/200 with glasses or tunnel vision—a limited visual field of 20 degrees or less.

Disabled. For adults, federal law defines "disability" as a physical or mental impairment which prevents a person from engaging in any "substantial gainful activity." For adults, the condition must have lasted or be expected to last at least 12 months or result in death.

The welfare reform act established a new, more stringent definition of disability for children. Under this definition, a child is considered to be disabled if he or she has a medically determined physical or mental condition that "results in marked and severe functional limitations" and "can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months." The act also required related changes in the federal rules specifying the methodology used to determine whether a child meets the definition of disability.

Benefits

SSI Monthly Benefit

SSI recipients receive monthly cash payments from the federal government. The monthly cash payment is calculated by subtracting the individual's net available income (i.e., after applying the SSI income disregards and exclusions noted in the Eligibility Requirements section) from the maximum monthly SSI benefit. Persons living in the household of another receive two-thirds of the applicable monthly benefit minus net available income.

Some SSI recipients receive supplemental payments from the MSA program.

1999 Maximum Monthly SSI Benefit

Type of recipient	Maximum monthly benefit
Individual recipient living alone	$500.00
Individual recipient living with others	$333.34
Married couple living alone	$751.00
Married couple living with others	$500.67

As of March 1999, the average monthly SSI benefit paid to SSI recipients in Minnesota was $338.94.

Minnesota Supplemental Aid (MSA)

Some SSI recipients receive supplemental payments from the MSA program. MSA fulfills the congressional mandate that states supplement the grants of persons who had received higher benefits from former state Old Age Assistance, Aid to the Blind, and Aid to the Disabled programs in December 1973. MSA also supplements the grants of SSI recipients who became eligible for program benefits after SSI was implemented in January 1974. In Minnesota, SSI recipients apply for MSA through the local human services agency. (See MSA, page 48.)

Emergency Payments

If an SSI applicant is in desperate financial need and can demonstrate probable program eligibility, the SSA can issue emergency payments of up to $500 to an eligible individual and $751 to a couple (these are payment levels in effect as of January 1, 1999).

Eligibility for Other Assistance Programs

SSI recipients may also be eligible for MA, Food Stamps, and other social services.

Medical Assistance (MA—also called "Medicaid") In Minnesota, SSI recipients apply for MA through the local human services agency. The vast majority of SSI recipients are eligible for MA. A person who is blind or who has a severe disability and who engages in substantial gainful employment despite severe medical impairments may continue on MA even when earned income makes the person ineligible for SSI benefits. (See MA page 68.)

An SSI recipient who enters a nursing home, hospital, or other institution on MA receives only limited cash assistance, in the form of a personal needs allowance. The personal needs allowance as of January 1, 1999, is $65 a month. SSI contributes $30 of this amount, with the remainder paid out of MSA.

Social Services. SSI recipients may be eligible for a variety of social services. State law requires that social services be provided for certain groups of persons with disabilities.

Food Stamps. SSI recipients may be eligible to receive food stamps; in cases where all household members receive SSI, Food Stamp eligibility is automatic. (See Food Stamps, page 123.)

Reinstatement of MA Benefits

Children who lose SSI eligibility due to the change in the definition of disability made by the welfare reform act also will lose their MA coverage, unless they are found eligible for MA on some other basis (e.g., by qualifying as part of a low-income family). The Balanced Budget Act of 1997 restored Medicaid coverage for children who were on SSI as of the date of enactment of the Welfare Reform Act (August 22, 1996), and who became ineligible for SSI due to the change in the definition of disability made by the Welfare Reform Act. This reinstatement does not apply to persons applying for SSI after August 22, 1996.

The monthly SSI cash grant is paid directly to program recipients. However, the SSA may appoint a "representative payee" if the recipient cannot manage his or her own funds. The representative payee may be any person or agency concerned with the recipient's welfare.

Funding and Expenditures

SSI expenditures in 1998 were $261.9 million.

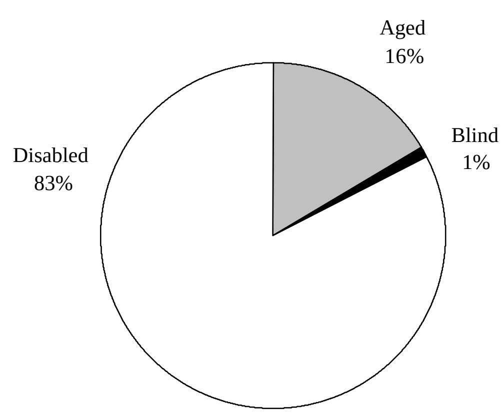
Funds for the SSI program come solely from the general revenues of federal government. SSI utilizes no state or local funds for financing program benefits or administration.

In calendar year 1998, the federal government spent $261.9 million to assist SSI recipients in Minnesota.

Recipient Profile

In March 1999, 64,594 individuals in Minnesota received SSI payments. Most of those SSI recipients were disabled.

Percentage of SSI Recipients
Who Are Aged, Blind, or Disabled
(As of March 1999)



Health Care Programs

General Assistance Medical Care

General Assistance Medical Care (GAMC) is a state-funded program that pays for certain health care services for Minnesota residents whose income and resources are insufficient to cover their expenses and who are not eligible for other health care programs.

Administration

Minnesota State Legislature

The legislature established GAMC in 1975. The state law includes provisions for funding and administration and gives certain program authority to the Minnesota Department of Human Services. The program was implemented on January 1, 1976.

State Department of Human Services (DHS)

State law gives authority to DHS to fund and administer the program. DHS administrative policy sets requirements related to eligibility, the provision of medical services, state and county duties, and provider payments.

Counties

The county human services agencies determine eligibility for GAMC. The counties also administer GAMC at the local level, and are responsible for the majority of their administrative costs related to the program.

Eligibility Requirements

General Requirements

In order to be eligible for GAMC, an individual must:

- reside in Minnesota
- receive General Assistance (GA) or meet GAMC asset and income limits
- not be eligible for Medical Assistance (MA) benefits
- cooperate with the local agency in determining whether the applicant meets MA eligibility requirements

- assign any medical support and insurance benefit rights to the DHS

GAMC eligibility must be redetermined every 12 months.

Residency

To be eligible for GAMC, an individual must be a resident of Minnesota. A "resident" is defined as a person living in the state for 30 days, with the intention of making a home here and not for any temporary purpose. County agencies are allowed to waive the 30-day residency requirement in cases of medical emergencies.

Asset Limits

In order to be eligible for GAMC, an applicant's assets cannot exceed $1,000 per household, excluding exempt assets. Asset exemptions are determined using the standards of the MA program. For a complete list of asset limits, see Appendix I, page 150.

The 1997 Legislature reinstated this asset limit for children and their parents living in the same household. The reinstatement of the asset limit for these individuals became effective July 1, 1997.

Income Limits

To be eligible for GAMC, an applicant must either: (1) have net income that is equal to or below the maximum guidelines set by the state legislature; or (2) have medical expenses that bring the applicant's net income down to or below these guidelines. The maximum income guideline for GAMC is the medically needy MA income standard of 133-1/3 percent of the AFDC standard of need. Refer to page 73 for this AFDC standard of need.

In determining whether an applicant meets the program income limits, specified types of income such as federal and state tax refunds and Food Stamp benefits are excluded from gross income, and work and dependent care expenses, a monthly personal needs allowance for persons residing in certain health care facilities, and other specified items are either deducted or disregarded from gross income.

Individuals receiving GA are eligible for GAMC if they are not otherwise eligible for MA.

Eligibility Groups

Individuals receiving GA are eligible for GAMC if they are not otherwise eligible for MA. Families with children and adults without children, who do not receive GA, are also eligible for GAMC, if they meet the GAMC income and asset limits and satisfy other eligibility requirements for that program. Individuals with incomes in excess of the GAMC income limits, who meet all other GAMC eligibility requirements, can qualify for that program if they incur medical bills that are equal to or greater than the amount their income exceeds the GAMC income threshold. (This is referred to as a "spend-down.")

There are two types of income spend-down—a monthly spend-down and a six-month spend-down period. (Most GAMC spend-down clients must use a six-month spend-down period.) These spend-downs are similar to those for MA, which are described on page 74.

Transition to MinnesotaCare

Effective January 1, 2000, GAMC applicants and recipients who are: (1) adults with dependent children under 21 with household incomes that do not exceed 275 percent of the federal poverty guidelines; or (2) adults without children with household incomes between 75 percent of the federal poverty guidelines and the MinnesotaCare program income limit for single adults and households without children,[35] will be terminated from GAMC upon enrollment in MinnesotaCare.

Benefits

Benefits in General

GAMC covers a variety of medical services as well as some services for mental health treatment.

The following medical services are available under the GAMC program:

- ambulance services
- chemical dependency services
- chiropractic services as covered under the MA program
- dental services
- eyeglasses and eye examinations
- family planning
- hearing aids and prosthetic/orthotic devices
- inpatient hospital services
- laboratory and x-ray services

[35] The MinnesotaCare income limit for single adults and households without children is 175 percent of the federal poverty guidelines.

- medical supplies and equipment
- outpatient hospital services
- physician services, including services provided by a nurse practitioner
- podiatric services
- prescription drugs
- psychological services
- public health nursing services provided by a unit of government
- services provided by Medicare-certified rehabilitation agencies
- vision care

Benefits Related to Mental Illness

In order to address the special needs of the mentally ill, GAMC covers the following additional services for eligible persons:

- outpatient services provided by an authorized mental health center or clinic that is under contract with a county board

- day treatment services provided under contract with a county board

- medication prescribed for a person diagnosed as mentally ill who is at risk of being cared for in an institution

- case management services and special transportation services for persons who would be eligible for MA if they did not reside in an institution for mental diseases

Prepaid GAMC

GAMC enrollees receive services under either a fee-for-service system (described in the next section) or through prepaid health plans. Prepaid GAMC has been implemented since the mid-1980s in coordination with the Prepaid Medical Assistance Program (PMAP). (See page 79 of the MA chapter for more information on PMAP).

As of May 1999, 14,366 GAMC recipients in 53 counties were enrolled in prepaid GAMC.

Fee-for-Service Provider Reimbursement

Under fee-for-service GAMC, the individuals and institutions that provide medical services to GAMC recipients are reimbursed for those services directly by DHS. Generally, GAMC reimburses providers at the same rates used by the MA program.

Funding and Expenditures

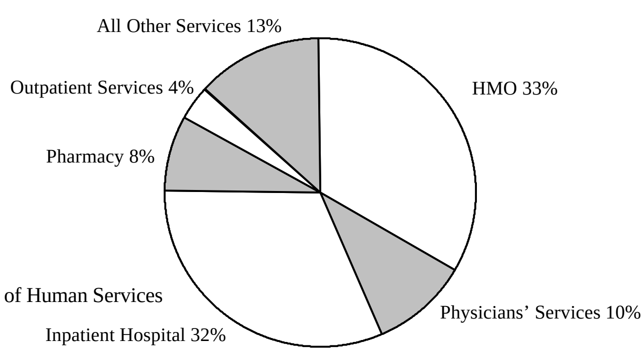
There is no federal funding for GAMC. From its inception in 1976 through 1990, the state paid 90 percent of the costs of GAMC benefits, and counties paid the remaining 10 percent of costs. Beginning January 1, 1991, the state assumed responsibility for the historic county share of 10 percent of GAMC costs. For a discussion of this state takeover, see Appendix V.

During state fiscal year 1998, the state spent $136,600,047 in payments to medical providers for GAMC services.

Recipients

In fiscal year 1998, an average of 31,113 persons were eligible to receive GAMC services each month.

GAMC Spending on Services
SFY 1998



Source: Department of Human Services

Medical Assistance

Medical Assistance (MA) is a jointly funded, federal-state program designed to provide for the health care needs of certain low-income individuals. It is also referred to as "Medicaid."

Administration

Congress

MA is Minnesota's version of Medicaid, a federal program established by Congress to offer basic health care services to certain low-income individuals.

Medicaid was established by the U.S. Congress in 1965 as Title XIX of the Social Security Act. This federal law requires all states to offer basic health care services to certain categories of low-income individuals. States are reimbursed by the federal government for part of the cost of providing the required services. The federal law also gives states the option to cover additional services, and additional categories of low-income individuals, in their Medicaid programs. States that provide optional coverage receive federal reimbursement for part of the cost of this coverage.

U.S. Department of Health and Human Services (DHHS)

Medicaid is administered at the federal level by the Health Care Financing Administration (HCFA), an agency within DHHS. HCFA issues regulations and guidelines for Medicaid that states are required to follow. These regulations and guidelines are found in Title 42 of the Code of Federal Regulations and in the state Medicaid Manual.

The states establish operating and administrative standards for their own Medicaid programs. All Medicaid programs must stay within the scope of federal rules and regulations, but there can be and is wide variation in state programs, due to differences in coverage of optional services and eligibility groups.

Minnesota State Legislature

MA, Minnesota's Medicaid program, was established by the legislature and implemented in January 1966. The MA law in Minnesota is found primarily in chapter 256B of Minnesota Statutes, which contains:

- eligibility requirements, including specific income and asset limits for MA recipients

- administrative requirements, such as the duties of the state Department of Human Services and the counties, and provisions for the central disbursement of MA payments

- a listing of services provided under MA

- requirements for HMOs and other managed care plans participating in the Prepaid Medical Assistance Program (PMAP)

- provisions for establishing payment rates for MA providers (Provisions relating to hospital payment rates are found in chapter 256.)

Minnesota Department of Human Services (DHS)

DHS is responsible for administering the MA program at the state level, and for supervising the implementation of the program by the counties. DHS has adopted administrative rules that govern many aspects of the MA program.

Counties

County human services agencies are responsible for determining if applicants meet state and federal eligibility standards. Individuals apply for MA by contacting their county human services agency. Agencies are required to complete eligibility determinations for most individuals within 45 days of receiving an application. (This time limit is 60 days in the case of disabled individuals and ten days in the case of pregnant women.)

Eligibility Requirements

MA pays for the cost of medical services provided to eligible needy persons who cannot afford the cost of health care.

MA pays for the cost of medical services provided to eligible needy persons who cannot afford the cost of health care. Generally, MA is available to families, children, pregnant women, the elderly, and persons with disabilities, who meet the program's income and asset standards.

Determining eligibility for MA is a complex task. The following discussion provides only an overview of the topic. More detailed information can be obtained from intake staff at county human services agencies.

To be eligible for MA, an individual must:

- **be a citizen of the United States, a qualified noncitizen, or otherwise residing lawfully in the United States**
- **be a resident of Minnesota**

- **be a member of a group for which MA coverage is required under federal or state law**

- **meet program income and asset limits, or qualify on the basis of a "spend-down."** (Income and asset limits for major eligibility categories are described below and summarized in the table on page 75 and Appendices I and II.)

- not reside in a public institution, or in a public or private Institution for Mental Diseases (IMD), if between the ages of 21 and 65

Citizenship

In order to be eligible for MA, an individual must be a citizen of the United States or a noncitizen who meets specified immigration criteria (see MA Eligibility for Noncitizens table). The state has chosen to provide MA coverage for all groups of noncitizens for which MA eligibility is mandatory or optional under federal welfare law. The state has also chosen to provide MA coverage for noncitizens who would have been eligible for MA except for passage of federal welfare reform legislation. MA coverage for these groups of individuals is funded solely by state dollars and the coverage is referred to as MA without federal financial participation (FFP). Nonimmigrants and undocumented persons are eligible only for MA coverage of emergency services and services through the period of pregnancy.

MA Eligibility for Noncitizens

Immigration Status	MA with FFP	MA without FFP	Emergency MA with FFP[36]
Refugees, asylees, persons granted withholding of deportation, veterans/active duty military personnel and families, Cuban/Haitian entrants, Amerasians, American Indians born in Canada, American Indians born outside of the U.S. who are members of a federally recognized tribe	Yes	N/A	N/A
Following individuals residing in the U.S. prior to 8/22/96: lawful permanent residents,[37] noncitizens paroled into the U.S.[38] for at least one year, conditional entrants, battered noncitizens and their children	Yes	N/A	N/A
Following individuals who entered the U.S. on or after 8/22/96: lawful permanent residents,[39] noncitizens paroled into the U.S. for less than one year, conditional entrants, battered noncitizens and their children	No, until five years after entry	Yes, if not eligible for MA with FFP	Yes
Others lawfully residing in the U.S.[40] on 8/22/96 and receiving SSI	Yes	N/A	N/A
Others lawfully residing in the U.S.	No	Yes	Yes
Nonimmigrants[41] and undocumented persons	No	No, except for prenatal and postnatal care	Yes

Source: Department of Human Services

[36] Emergency MA with FFP covers MA services necessary to treat an emergency medical condition, including labor and delivery. For noncitizens eligible for MA with FFP, the emergency MA with FFP category is not applicable, because emergency services are included in the regular set of MA services for which FFP is received.

[37] A lawful permanent resident is generally a person who has a “green card,” which means the person has permission to live and work permanently in the United States and can apply for naturalization after living for five continuous years in the United States

[38] A person is “paroled into the U.S.” when the U.S. Justice Department uses its discretion to grant temporary admission for humanitarian, legal, or medical reasons.

[39] Until 40 quarters of work are completed, a noncitizen’s income and resources are deemed to include the sponsor’s income and resources.

[40] Includes lawful temporary residents, family unity beneficiaries, persons whose enforced departure has been deferred, persons with temporary protected status, persons paroled for less than one year, and applicants for asylum.

[41] A nonimmigrant is a person who is lawfully present in the United States, but who is not lawfully residing in the United States (because the person maintains a residence outside the United States) Nonimmigrants are generally admitted temporarily and for a limited purpose (e.g., tourists, foreign students).

Residency

In order to be eligible for MA, an individual must be a resident of Minnesota. A Minnesota resident is a person who has established a residence in Minnesota, is determined to be a Minnesota resident under federal law,[42] or is a migrant worker as defined in Minnesota Statutes, section 256B.06, subdivision 3 (Minn. Rules, 9505.0030, subpart 1).

Eligible Categories of Individuals

In order to be eligible for MA, an individual must be a member of a group for which MA coverage is either required by the federal government or mandated by the state under a federal option.[43] In Minnesota, those groups eligible for MA coverage include:

- families with children that are eligible for MFIP
- families with children that meet the eligibility standards of the AFDC program, as they existed on July 16, 1996
- pregnant women
- children under age 21
- aged, blind, and disabled persons (including most persons eligible for either MSA or SSI)
- needy children in foster care

Certain Medicare beneficiaries, and certain disabled children who would normally not be eligible for MA because of parental income, are also covered under Minnesota's MA program. Income and asset standards vary for these groups.

Income Limits

In order to be eligible for MA, an applicant's net income must not exceed program income limits. Different income limits apply to different categories of individuals. For example, the MA income limit for most

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[42] Generally, federal law defines residency in terms of being present in a state with an intent to remain, and specifically prohibits durational residency requirements (see 42 C.F.R. § 435.403).

[43] A distinction is sometimes made between individuals who are "categorically needy" and those who are "medically needy." The categorically needy are those who are eligible for MA because they receive cash assistance through a welfare program. The medically needy are those who: (1) would be considered categorically needy, except that their income and asset levels are above the state's limit for receipt of cash assistance; and (2) are eligible due to federal and state expansions of MA eligibility beyond those persons receiving cash assistance, or who are eligible on the basis of a spend-down. MA coverage of medically needy persons is a federal option which Minnesota has chosen to provide.

children is higher than the MA income limit for parents. This means that not all members of a family may be covered under MA.

MA income limits are based on either the AFDC income standard or the federal poverty guidelines.

MA income limits are based on either the AFDC income standard for the program as it existed on July 16, 1996, or the federal poverty guidelines. The AFDC income standard varies with family size and is not automatically adjusted for inflation. (Effective July 1, 2000, the AFDC income standard will be increased by 3 percent, for purposes of calculating the MA income limit.) The federal poverty guidelines vary with family size and are adjusted annually for inflation.

In determining whether an applicant meets the program income limits, specified types of income such as federal and state tax refunds and Food Stamp benefits are excluded from gross income, and work and dependent care expenses, a monthly personal needs allowance for persons residing in certain health care facilities, and other specified items are either deducted or disregarded from gross income.

The chart on the following page lists the income standard, asset standard, and covered services for each of the principal eligibility groups. (Eligibility criteria for other eligibility groups such as disabled adult children and disabled widows and widowers can be found in Minnesota Statutes sections 256B.055 and 256B.057.) Tables showing allowable income by household size for the various eligibility groups are included at the end of this chapter.

Asset Limits

In order to be eligible for MA, applicants not otherwise exempt need to meet the basic asset limit set out in Minnesota Statutes, section 256B.056, subdivision 3. The personal asset limit is $3,000 for an individual and $6,000 for two persons in a household, with $200 added for each additional dependent. The following items are not considered assets for the purpose of determining MA eligibility:

- the homestead
- household goods and personal effects
- personal property used as a regular abode
- a burial plot for each member of the household
- capital and operating assets of a business necessary for the person to earn an income
- insurance settlements for damaged, destroyed, or stolen property (MA handles these settlements in the same manner as does the related income maintenance program that forms the individual's basis of eligibility for MA.)

- a motor vehicle with a market value of less than $4,500, or that is necessary for obtaining health services, employment, performing essential daily tasks, or that is modified for a handicapped person
- life insurance policies and assets for burial expenses, up to the limits established for the SSI program
- other items excluded by federal law

Children under age 21 and pregnant women are exempt from the asset limit.[44]

Minnesota law also has provisions governing the treatment of assets and income for persons residing in nursing homes whose spouses reside in the community. These provisions are found in Minnesota Statutes, sections 256B.0575 to 256B.0595.

Eligibility on the Basis of a Spend-down

Individuals who, except for excess income, would qualify for coverage under one of the MA categories described above can qualify for MA through a "spend-down." Under a spend-down, an individual reduces his or her income by incurring medical bills in amounts that are equal to or greater than the amount by which his or her income exceeds 133-1/3 percent of the AFDC income standard for the spend-down period. Unpaid medical bills incurred before the time of application for MA can be used to meet the spend-down requirement.

There are two types of spend-down. Under a six-month spend-down, an individual can become eligible for MA for up to six months, beginning on the date his or her total six month spend-down obligation is met. Under a one-month spend-down, individuals spend down their income during a month, in order to become eligible for MA for the remainder of that month.

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[44] The 1997 Legislature reinstated the asset limit for children under age 21, the parents of these children, and pregnant women. The 1998 Legislature exempted pregnant women from the asset limit, and also exempted children from the asset limit in order to comply with federal requirements for receiving funding under the Children's Health Insurance program (CHIP). In July 1998, the federal HCFA denied a state waiver request to retain the asset limit for children.

MA Eligibility – Income and Asset Limits – Benefits

Eligibility Category	Income Limit	Asset Limit	Benefits
Children under age two	Equal to or less than 275% of the federal poverty guidelines (FPG)	None	All MA services
Children under age two [45]	Greater than 275% and equal to or less than 280% of the FPG	None	All MA services
Children two through five years of age	Less than 133% of the FPG	None	All MA services
Children six through 20 years of age, born after 9/30/83 [46]	Less than 100% of the FPG	None	All MA services
Children through 20 years of age, born on or before 9/30/83 [47]	Equal to or less than 133-1/3% of the AFDC income standard	None	All MA services
Pregnant women	Equal to or less than 275% of the FPG	None	All MA services
Parents of children on MA	Equal to or less than 133-1/3% of the AFDC standard	MA asset standard ($3,000 for households of one and $6,000 for households of two, with $200 for each additional dependent)	All MA services
Aged, blind, disabled	Equal to or less than 133-1/3% of the AFDC standard	MA asset standard	All MA services
Qualified Medicare Beneficiaries (QMBs)	Equal to or less than 100% of the FPG	Must not exceed twice the SSI asset limit ($4,000 for households of one and $6,000 for households of two or more)	Premiums, coinsurance, and deductibles for Medicare Parts A and B
Service Limited Medicare Beneficiaries (SLMBs)	Over 100% but not exceeding 120% of the FPG	Must not exceed twice the SSI asset limit	Medicare Part B premium only

[45] Funded through the federal Children's Health Insurance Program (CHIP) with an enhanced federal match.

[46] Currently children ages six to 15.

[47] Currently children ages 15 through 20.

Eligibility Category	Income Limit	Asset Limit	Benefits
Qualifying Individuals (QI)–Group 1 [48]	Greater than 120% but less than 135% of the FPG	Must not exceed twice the SSI asset limit	Medicare Part B premium only
Qualifying Individuals–Group 2 [48]	Equal to or greater than 135% but less than 175% of the FPG	Must not exceed twice the SSI asset limit	That portion of the increase in the Medicare Part B premium resulting from the shift of home health services from Medicare Part A to Part B
Qualified Working Disabled Adults	Equal to or less than 200% of the FPG	Must not exceed twice the SSI asset limit	Medicare Part A premium only
Disabled children eligible for services under the TEFRA children's home care option[49]	Equal to or less than 133-1/3% of the AFDC income standard[50]	None	All MA services
Employed persons with disabilities	No income limit	$20,000	All MA services

Benefits

MA benefits include federally mandated services and services provided at state option.

MA reimburses health care providers for health care services furnished to eligible recipients. The federal government requires every state to provide certain services. States may choose whether to provide other optional services.

Federally mandated services are available to all MA recipients.

The following services are federally mandated and therefore available to all MA recipients in Minnesota:

- Early periodic screening, diagnosis, and treatment (EPSDT) services for children under 21
- Family planning services and supplies
- Federally qualified health care center services
- Home health services and medical equipment and supplies

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[48] Eligibility for persons in this group is limited by the federal allocation provided to the state under the Balanced Budget Act of 1997 (P.L. 105-33, § 4732).

[49] Authorized by section 134 of the federal Tax Equity Fiscal Responsibility Act (TEFRA) of 1982.

[50] Only the income of the child is counted in determining eligibility.

- Inpatient hospital services
- Laboratory and X-ray services
- Nurse midwife services
- Certified family and certified pediatric nurse practitioner services

- Outpatient hospital services
- Physician services
- Rural health clinic services
- Nursing facility ("nursing home") services
- Medical and surgical services of a dentist

Optional services are also provided to Minnesota's MA recipients.

Services that have been designated "optional" by the federal government, but that are available by state law to all MA recipients in Minnesota include:

- Audiologist services
- Case management for seriously and persistently mentally ill persons and for children with serious emotional disturbances
- Chiropractor services
- Christian Science Sanitoria
- Clinic services
- Dental services
- Emergency hospital services
- Extended services to women
- Medical equipment and supplies
- Hearing aids
- Home and community-based waiver services (see following section)

- Hospice care
- Some Individual Education Plan Services (IEPS) provided by a school district to disabled students
- Some services for residents of Institutions for Mental Diseases (IMDs)
- Inpatient psychiatric facility services for persons under age 22

- Intermediate care facility services, including services provided in an intermediate care facility for persons with mental retardation (ICF/MR)
- Medical transportation services
- Mental health services
- Nurse anesthetist services

- Occupational therapy services
- Other diagnostic, screening, and preventive services
- Personal care assistant services
- Pharmacy services

- Physical therapy services
- Podiatry services
- Private duty nursing services
- Prosthetics and orthotics

- Public health nursing services
- Rehabilitation services, including day treatment for mental illness
- Speech therapy services

- Vision care services and eyeglasses
- Case management and directly observed therapy for people with tuberculosis
- Certified geriatric, adult, OB/GYN, and neontal nurse practitioner services

Some services are provided in Minnesota under a federal waiver.

States can seek approval from the federal government to provide services that are not normally covered and reimbursed under the Medicaid program. These services are referred to as "waivered services." Minnesota has federal approval for the following community-based waivered service programs:

The Elderly Waiver (EW) provides community-based care for elderly individuals who are MA eligible.

Minnesota also has a solely state-funded program, the **Alternative Care (AC)** program, which provides community-based care for elderly individuals who are not eligible for MA, but who would become eligible for MA within 180 days of entering a nursing home.

The Home and Community Based Waiver for Persons with Mental Retardation or Related Conditions (MR/RC) provides community-based care to persons diagnosed with mental retardation or related conditions who are at risk of placement in an ICF/MR.
The Community Alternative Care (CAC) waiver provides community-based care for chronically ill individuals who are under age 65 and residing in a hospital or at risk of inpatient hospital care.

The Community Alternatives for Disabled Individuals (CADI) waiver provides community-based care to disabled individuals under age 65 who are residing in, or are at risk of placement in, a nursing home.

The Traumatic Brain Injury (TBI) waiver provides community-based care to persons under age 65 diagnosed with traumatic or acquired brain injury who are residing in, or are at risk of placement in, a nursing home.

For each of the federally approved waiver programs, the costs of caring for an individual in the community must be less than the cost of institutional care.

Prepaid Medical Assistance Program

MA enrollees receive services under either a fee-for-service system (described in the next section) or through prepaid health plans under the Prepaid Medical Assistance Program (PMAP). PMAP began operation in 1985 in three counties as a federal demonstration project and has since expanded to 53 counties (as of May 1999).

MA enrollees receive services under either a fee-for-service system or through prepaid health plans.

Under PMAP, health maintenance organizations (HMOs) and other prepaid health plans receive a capitated payment[51] from DHS for each MA enrollee, and in return are required to provide enrollees with all MA covered services, except for home and community-based waiver services, some nursing facility services, and intermediate care facility services for persons with mental retardation (ICF/MR).[52]

Under PMAP, enrollees in participating counties select a specific prepaid plan from which to receive services, obtain services from providers in the plan's provider network, and follow that plan's procedures for seeing specialists and accessing health care services. Enrollees are allowed to switch health plans once a year during an open enrollment period.

PMAP Enrollment

[51] A capitated payment is a predetermined, fixed payment per enrollee that does not vary with the amount or type of health care services provided. A prepaid health plan reimbursed under capitation does not receive a higher payment for providing more units of service or more expensive services to an enrollee, nor does it receive a lower payment for providing fewer units of service or less expensive services to an enrollee.

[52] The 1999 Legislature required prepaid health plans, effective July 1, 1999, to be responsible for up to 90 days of nursing home services for enrollees not residing in a nursing facility at the time of enrollment in PMAP. This change will not be implemented until federal waiver approval is obtained.

Generally, MA recipients in participating counties who are in families with children or elderly are required to enroll in PMAP. Most persons who are blind or disabled, and persons belonging to other specific groups, are exempted from PMAP enrollment. As of May 1999, 200,066 MA recipients were enrolled in PMAP.

PMAP Expansion and County-based Purchasing

Legislation passed by the legislature in 1997 (Laws 1997, ch. 203, art. 4, §§ 49 and 56) established procedures and a timeline for statewide expansion of prepaid care for most MA and GAMC recipients, through either PMAP or a new option—county-based purchasing. Counties choosing to implement county-based purchasing will be responsible for providing all covered services to enrollees, either by developing their own provider networks or contracting with prepaid health plans and providers. DHS payments to counties will not exceed current PMAP reimbursement rates to prepaid health plans under PMAP.

Counties are not required to implement county-based purchasing until six months after federal waiver approval has been obtained for county-based purchasing. As of May 1999, 30 counties were planning to participate in county-based purchasing initiatives.

PMAP Reimbursement Rates

Prepaid health plans receive a capitation rate for each enrollee that is based upon the enrollee's age, sex, Medicare status, institutional status, basis of eligibility, and county of residence. The capitation rate incorporates about a 4 percent discount from estimated fee-for-service costs.

DHS does not regulate prepaid health plan reimbursement rates to health care providers under contract or employed by a prepaid health plan to serve PMAP enrollees. These reimbursement rates are a matter of negotiation between the health care provider and the prepaid health plan.

Fee-for-Service Provider Reimbursement

Under fee-for-service MA, health care providers and institutions (sometimes called "vendors") bill the state and are reimbursed by the state, at a level determined by state law, for the services they provide to MA recipients.

Under the fee-for-service system, MA recipients, with some exceptions, are free to receive services from any medical provider participating in the MA program. As a condition of participating in the MA program, providers agree to accept MA payment as payment in full. Providers in Minnesota are prohibited from requesting additional payments from MA recipients, except when the recipient is incurring medical bills in order to meet the MA spend-down discussed earlier in the eligibility section.

DHS has established a central system for the disbursement of MA payments to providers. The amounts of MA payments are determined by fee schedules established by the department, within limits set by the state legislature. DHS uses different methods to reimburse different types of providers; the reimbursement methods for major provider groups are described below.

Physicians and Other Medical Services

Physician services, and many other medical services, are paid for at the lower of (1) the submitted charge or (2) the prevailing charge. The prevailing charge is defined as a specified percentile of all customary charges statewide for a procedure during a base year. The prevailing charge for physicians is the 50th percentile of 1989 submitted charges, minus either 20 percent or 25 percent depending upon the type of service. The legislature has at times changed the specified percentile and base for different provider types and different procedures. All geographic regions within the state are subject to the same maximum reimbursement rate.

MA services reimbursed in this manner include: mental health clinic, rehabilitation agency, services for children with handicaps, physician, physician clinic, optometrist, podiatrist, chiropractor, nurse midwife, nurse practitioner, physical therapist, occupational therapist, speech therapist, psychologist, audiologist, community/public health clinic, optician, and dental.

Other MA services are reimbursed at the lesser of the submitted charge or the Medicare maximum allowable rate. Services reimbursed using the Medicare rate include: laboratory services, hospice services, medical supplies and equipment, prosthetics, and orthotics. (DHS uses other payment rates for certain laboratory services and medical supplies and equipment if a Medicare rate does not exist.)

Hospitals

MA uses a prospective payment system to reimburse hospitals for inpatient hospital services. Hospitals are paid per admission, but the amount of payment varies depending on the medical diagnosis of the patient.

The MA payment to a hospital for an admission is based on the reimbursement amount for the diagnosis-related group (DRG) into which the patient has been classified. The reimbursement for each DRG is intended to represent the average cost of caring for a patient in that particular DRG classification. Hospitals benefit financially from patient stays that cost less than the DRG reimbursement amount, but lose money on stays that cost more than the DRG reimbursement amount. (The DRG reimbursement level is increased for hospital stays that exceed the average length of stay by a certain margin; these stays are referred to as day outliers.)

The hospital prospective payment system is described in Minnesota Statutes, sections 256.9685 to 256.9695; it is also described in Minnesota Rules, parts 9500.1090 to 9500.1140.

Intermediate Care Facilities for Persons with Mental Retardation or Related Conditions (ICF/MRs)

ICF/MRs are reimbursed by MA using a prospective system in which payments to a facility for a rate year are based upon allowable historical costs from a previous reporting year, as adjusted for inflation. The reporting year for ICF/MRs corresponds with the calendar year. ICF/MRs submit cost reports for the reporting year to DHS, which then audits the reports and sets new rates for the rate year, running from October 1 to September 30.

Payment rates are calculated on a resident per day basis. The total payment is the sum of various cost categories; cost categories are subject to different reimbursement limits. The 1995 Legislature established limits on the rate of increase in allowable operating costs (referred to as spend-up limits) and also limited reimbursement to high-cost facilities (referred to as high-cost limits). The 1997 Legislature modified the spend-up limits for the rate years beginning October 1, 1997, and October 1, 1998, and directed the commissioner not to apply the high-cost limits for those rate years. The 1999 Legislature extended the use of the modified spend-up limits and the exemption from the high-cost limits, through the rate year beginning October 1, 1999.

The reimbursement system for ICF/MRs is described in Minnesota Statutes, section 256B.501 and in Minnesota Rules chapter 9553. The 1998 Legislature authorized the commissioner of Human Services to implement a performance-based contract system for ICF/MRs, effective October 1, 2000, that is to replace the current rate setting system.

Nursing Facilities

Nursing facilities participating in the MA program are reimbursed under two different reimbursement systems. As of July 1, 1999, 151 nursing facilities were reimbursed under a cost-based system (sometimes referred to as the Rule 50 system) and 285 nursing facilities were reimbursed under the alternative payment demonstration project (sometimes referred to as the contract system).

Under both systems, nursing facilities are reimbursed by MA on a resident per day basis. The nursing home reimbursement levels are adjusted, under a case-mix system, to reflect the varying care needs of residents. The case-mix reimbursement system for nursing homes is described in Minnesota Statutes, sections 256B.41 to 256B.48 and in Minnesota Rules chapter 9549.

Under the cost-based system, facilities file annual cost reports with DHS that document their spending during the past reporting year in various expenditure categories. (Reporting years run from October 1 to September 30, and rate years from July 1 to June 30). Reimbursement to facilities for the coming rate year is based upon these reported costs. Facilities are subject to limits on the rate of increase in operating costs (spend-up limits) and reimbursement reductions for high-cost facilities (high-cost limits). Reimbursement limits differ, depending upon which of three regions in the state a home is located.

Under the contract system, facilities are no longer required to file cost reports. Facilities are instead reimbursed at the level of their payment rate in effect the day before signing the contract. These payment rates are adjusted annually for inflation.

The 1998 Legislature authorized the commissioner of Human Services to implement a performance-based contract system for nursing facilities, to replace the current method of setting operating cost rates under both the cost-based and contract systems. The 1999 Legislature delayed the implementation date of this new system from July 1, 2000, to July 1, 2001.

Funding and Expenditures

The federal and state governments jointly finance MA.

Federal share

The federal share of MA costs for each state, referred to as the federal medical assistance percentage (FMAP), is determined by a formula included in Title XIX of the Social Security Act. The formula is based on the state's per capita income, and is recalculated annually. For federal fiscal year 1999, Minnesota's federal share is 51.50 percent.

Nonfederal share

In fiscal year 1998, total MA expenditures for services were $2.913 billion.

Through December 1990, the nonfederal share of MA costs was split between the state and the counties. The state paid 90 percent of the nonfederal share, and the counties paid the remaining 10 percent. Beginning in January 1991, the state assumed responsibility for the historic county share of MA program costs. For a discussion of this state takeover, see Appendix V.

MA Expenditures — State Fiscal Year 1998

In fiscal year 1998, total MA expenditures for services were $2.913 billion. This total was distributed between the levels of government as follows:

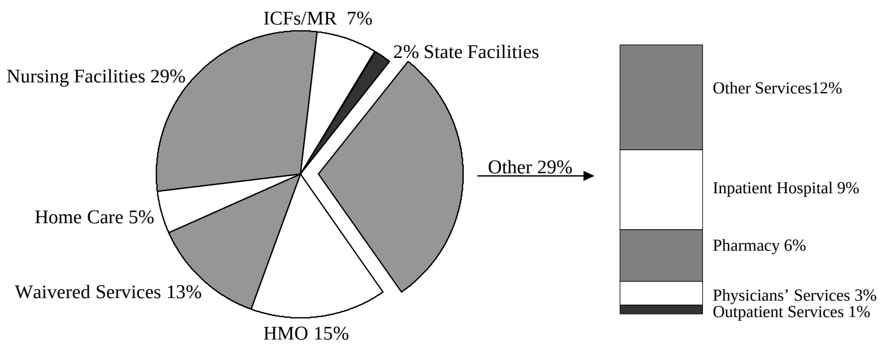
Actual Expenditures — SFY 1998

Federal	$1.540 billion
Nonfederal	$1.373 billion

The following chart shows what percentage of MA spending on services was accounted for by the major service categories.

- Nursing home care was the largest single expenditure category.
- Long-term institutional care (care provided in nursing homes, ICFs/MRs, and state facilities) accounted for 38 percent of MA spending.
- Waivered services and home care services together accounted for 18 percent of MA spending.

MA Spending on Services – SFY 1998



House Research Graphics

Recipient Profile

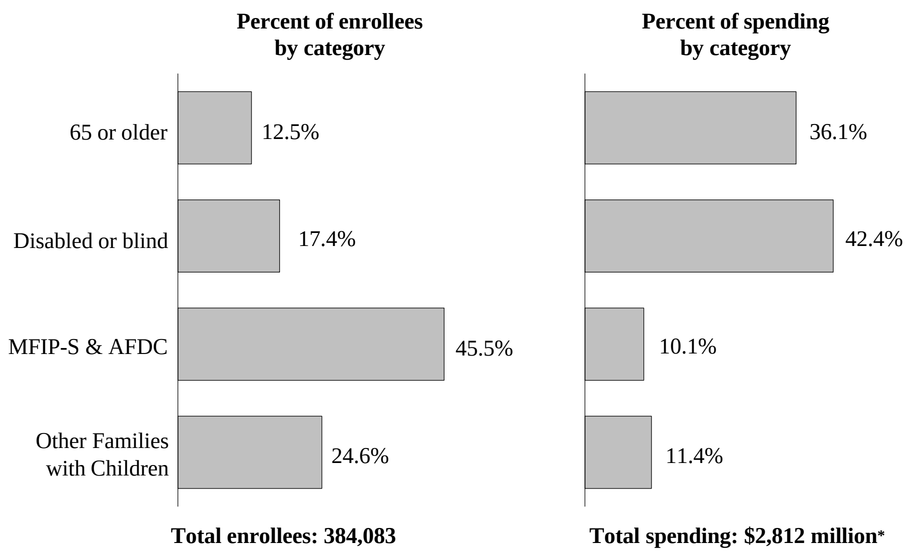
In fiscal year 1998, an average of 384,083 persons were eligible for MA services each month.

During FY 1998, an average of 384,083 persons were eligible for MA services each month. The graph below shows the percentage of MA eligibles in each of the major eligibility groups. The table also shows the percentage of MA spending accounted for by individuals from each eligibility group.

- AFDC recipients make up the largest eligibility group, constituting 45.5 percent of eligibles. However, this group accounted for only 10.1 percent of MA spending.

- The elderly, and the disabled or blind, accounted for 78.5 percent of MA spending, although only 29.9 percent of eligibles are in these two groups.

Minnesota Medical Assistance Eligibles
FY 1998



*does not include special funding items and adjustments

House Research Graphics

Income Limit Tables

MA Income Limit Tables

133-1/3% of AFDC Standards		
Household Size	Monthly Standard	12-Month Standard
1	$467	$5,604
2	583	6,996
3	709	8,508
4	828	9,936
5	929	11,148
6	1,030	12,360
7	1,133	13,596
8	1,221	14,652
9	1,306	15,672
10	1,380	16,560
Additional People	71	852

MA Income Limit – Federal Poverty Guidelines[53]
for 4/1/98 through 3/31/99 – 12-month Standard

Household Size	100%	133%	135%	175%	200%	275%	280%
1	8,244	10,956	11,124	14,424	16,476	22,656	23,076
2	11,064	14,712	14,928	19,356	22,116	30,420	30,972
3	13,884	18,456	18,744	24,288	27,756	38,172	38,868
4	16,704	22,212	22,548	29,220	33,396	45,924	46,764
5	19,524	25,956	26,352	34,164	39,036	53,676	54,660
6	22,344	29,712	30,156	39,096	44,676	61,440	62,556
7	25,164	33,468	33,972	44,028	50,316	69,192	70,452
8	27,984	37,212	37,776	48,960	55,956	76,944	78,348
9	30,804	40,968	41,580	53,904	61,596	84,696	86,244
10	33,624	44,712	45,384	58,836	67,236	92,460	94,140
Additional People	2,820	3,756	3,804	4,932	5,640	7,752	7,896

House Research Department

[53] Federal poverty guidelines are updated every year. DHS will publish new standards using updated guidelines effective April 1, 2000.

MinnesotaCare[54]

The MinnesotaCare (MNCare) program, administered by the Minnesota Department of Human Services, provides subsidized health coverage for eligible Minnesotans.

Administration

MinnesotaCare is administered by the Minnesota Department of Human Services (DHS). DHS is responsible for processing applications and determining eligibility, contracting with managed care plans, monitoring spending on the program, and developing administrative rules. County social service agencies are responsible for determining Medical Assistance (MA) eligibility for MinnesotaCare applicants who apply for MA.[55]

Eligibility Requirements

Minor children, parents, and dependent siblings residing in the same household are eligible for MNCare, if their gross household income does not exceed 275 percent of the federal poverty guidelines and they met other eligibility requirements.

To be eligible for MinnesotaCare, individuals must meet income limits and satisfy other requirements related to lack of access to health insurance and residency. MinnesotaCare eligibility must be reviewed every 12 months.

Income Limits

Minor children, parents, and dependent siblings[56] residing in the same household are eligible for MinnesotaCare, if their gross household income does not exceed 275 percent of the federal poverty guidelines and other eligibility requirements are met. Different eligibility requirements and premiums apply to children from households with gross incomes that do not exceed 150 percent of the federal poverty guidelines.

Single adults and households without children are eligible for MinnesotaCare if their gross household incomes do not exceed 175 percent

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[54] This chapter is a revision of the separate information brief “The MinnesotaCare Program,” September 1998.

[55] Beginning January 1, 2000, county social service agencies will have the option of processing applications and determining eligibility for all MinnesotaCare applicants.

[56] A child is defined in the law as an individual under 21 years of age, including the unborn child of a pregnant woman and an emancipated minor and that person’s spouse. Dependent siblings are defined in the law as unmarried children under age 25 who are full-time students and financially dependent upon their parents.

of the federal poverty guidelines and they meet other eligibility requirements.

Enrollees whose incomes rise above program income limits after initial enrollment are disenrolled from the program after an 18-month notice period. Individuals and families are exempt from this requirement and can remain enrolled in MinnesotaCare if 10 percent of their annual gross income is less than the annual premium of the $500 deductible policy offered by the Minnesota Comprehensive Health Association (MCHA).[57]

The table below lists categories of persons eligible for MinnesotaCare, eligibility criteria, and enrollee cost (see the table on page 97 for sample sliding scale premiums). The table on the following page lists program income limits for different family sizes.

Eligibility for MinnesotaCare*

Eligible Categories	**Household Income Limit**	**Other Eligibility Criteria**	**Cost to Enrollee**
Lower income children	150% of the federal poverty guidelines	Not otherwise insured for the covered services; residency requirement	Annual premium of $48 per person
Other children; pregnant women	275% of the federal poverty guidelines	No access to employer-subsidized coverage; no other health coverage; residency requirement	Premium based on sliding scale
Parents and relative caretakers	275% of the federal poverty guidelines	No access to employer-subsidized coverage; no other health coverage; residency requirement; asset limit**	Premium based on sliding scale
Single adults, households without children	175% of the federal poverty guidelines	No access to employer-subsidized coverage; no other health coverage; residency requirement; asset limit**	Premium based on sliding scale

* Exceptions to these requirements are noted in the text.
** Effective upon federal approval.

Asset Limits

57 The MCHA offers health insurance to Minnesota residents who have been denied private market coverage.

Effective upon federal approval, MinnesotaCare adult applicants and enrollees, who are not pregnant, will be subject to an asset limit of $15,000 in total net assets for households of one and $30,000 in total net assets for households of two or more persons. The following items will be excluded from total net assets:

- a homestead
- household goods and personal effects
- assets owned by children
- vehicles used for employment
- court-ordered settlements up to $10,000
- individual retirement accounts
- capital and operating assets of a trade or business up to $200,000 in net assets

Pregnant women and children are exempt from the MinnesotaCare asset limit.[58]

Annual Household Income Limits for MinnesotaCare

Household Size*	150% of 1999 Federal Poverty Guidelines	175% of 1999 Federal Poverty Guidelines	275% of 1999 Federal Poverty Guidelines
1	$12,360	$14,424	$22,656
2	16,596	19,356	30,420
3	20,820	24,288	38,172
4	25,056	29,220	45,924
5	29,280	34,164	53,676
6	33,516	39,096	61,440
7	37,740	44,028	69,192
8	41,976	48,960	76,944
9	46,200	53,904	84,696
10	50,436	58,836	92,460
Additional	4,236	4,932	7,752
*Pregnant women are households of two.			

No Access to Subsidized Coverage

[58] The 1998 Legislature exempted children from the asset limit in order to comply with federal requirements for receiving funding under the Children's Health Insurance Program. In July 1998 the federal Health Care Financing Administration denied a state waiver request to retain the asset limit for children. Pregnant women were exempted in the original legislation establishing the asset limit.

A family or individual must not have access to employer-subsidized health care coverage.

A family or individual must not have access to employer-subsidized health care coverage. A family or individual must also not have had access to employer-subsidized health care coverage through a current employer for 18 months prior to application or re-application. Employer-subsidized coverage is defined as health insurance coverage for which an employer pays 50 percent or more of the premium cost. This requirement applies to each individual. For example, if an employer offers subsidized coverage to an employee but not to the employee's dependents, the employee is not eligible for MinnesotaCare but the employee's dependents are eligible.

This requirement of no current access to employer-subsidized coverage does not apply to:

(1) children from households with incomes that do not exceed 150 percent of the federal poverty guidelines;

(2) children enrolled in the Children's Health Plan as of September 30, 1992 (the precursor program to MinnesotaCare); and

(3) children who enrolled in the Children's Health Plan during a transition period following the establishment of MinnesotaCare.

Children referred to in clauses (1) and (2) are, in some cases, also exempt from the no other health coverage requirement (see section below).

Families or individuals whose employer-subsidized coverage was lost because an employer terminated health care coverage as an employee benefit during the previous 18 months are also not eligible for MinnesotaCare.

No Other Health Coverage

Enrollees must have no other health coverage and must not have had health insurance coverage for the four months prior to application or renewal. For purposes of these requirements:

(1) MA, General Assistance Medical Care (GAMC),[59] and CHAMPUS (Civilian Health and Medical Program of the Uniformed Service) are

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[59] Effective January 1, 2000, GAMC adult applicants and recipients, with dependent children and family incomes not exceeding 275 percent of the federal poverty guidelines, or those without children with incomes between 75 percent and 175 percent of the federal poverty guidelines, and who meet the MinnesotaCare eligibility criteria, will be terminated from GAMC upon enrollment in MinnesotaCare.

not considered health coverage for purposes of the four-month requirement; and

(2) Medicare coverage is considered health coverage, and an applicant or enrollee cannot refuse Medicare coverage to qualify for MinnesotaCare.

Children from households with incomes that do not exceed 150 percent of the federal poverty guidelines and children enrolled in the original Children's Health Plan may have other health coverage and are not subject to the four-month uninsured requirement if:

(1) the coverage lacks two or more of the following:

- basic hospital insurance
- medical-surgical insurance
- prescription drug coverage
- dental coverage
- vision coverage

(2) the coverage requires a deductible of $100 or more per person per year; or

(3) the child lacks coverage because the maximum coverage for a particular diagnosis has been exceeded, or the policy of coverage excludes coverage for that diagnosis.

Residency Requirement

Pregnant women, families, and children must meet the residency requirements of the Medicaid program. The Medicaid program requires an individual to demonstrate intent to reside permanently or for an indefinite period in a state, but it does not include a durational residency requirement (a requirement that an individual live in a state for a specified period of time before applying for the program).

In contrast, enrollees who are adults without children must have resided in Minnesota for 180 days prior to application, and must also satisfy other criteria relating to permanent residency.

Benefits

Pregnant women and children have access to a broader range of covered services than adults who are not pregnant (services covered under

Pregnant women and children have access to a broader range of covered services than adults who are not pregnant.

MinnesotaCare for these two groups are listed in the table on page 96). In addition, adults who are not pregnant are subject to benefit limitations and co-payments that do not apply to pregnant women and children.

Covered Services

Pregnant women and children up to age 21 enrolled in MinnesotaCare can access the full range of MA services without enrolling in MA, except that abortion services are covered as provided under the MinnesotaCare program.[60] These individuals are exempt from MinnesotaCare benefit limitations and co-payments,[61] but still must pay MinnesotaCare premiums. Pregnant women and children up to age two are not disenrolled for failure to pay MinnesotaCare premiums, and can avoid MinnesotaCare premium charges altogether by enrolling in MA.

All adults, other than pregnant women, are covered under MinnesotaCare for most, but not all, services covered under MA. These individuals are subject to benefit limitations and co-payments for certain services.

Benefit Limitations for Adults

Adults who are not pregnant are subject to the following benefit limitations. These limitations do not apply to pregnant women or children.

- Dental services for adults on MinnesotaCare who are not pregnant are limited to preventive services, except that restorative dental services are covered for adults who are not pregnant and have household incomes that do not exceed 175 percent of the

[60] Under MinnesotaCare, abortion services are covered "where the life of the female would be endangered or substantial and irreversible impairment of a major bodily function would result if the fetus were carried to term; or where the pregnancy is the result of rape or incest" (Minn. Stat. § 256L.03, subd. 1). Under MA, abortion services are covered to save the life of the mother and in cases of rape or incest (see Minn. Stat. § 256B.0625, subd. 16), and as a result of a Minnesota Supreme Court decision, for "therapeutic" reasons (*Doe v. Gomez*, 542 N.W.2d 17 (1995)). MinnesotaCare enrollees must enroll in the MA program in order to obtain abortion services under the MA conditions of coverage. Nearly all MinnesotaCare enrollees who are pregnant women are eligible for MA.

[61] This is a change in MinnesotaCare related to approval of the health care reform waiver by the federal government in April 1995. The waiver exempts Minnesota from various federal requirements, gives the state greater flexibility to expand access to health care through the MinnesotaCare and MA programs, and allows the state to receive federal contributions (referred to as "federal financial participation" or FFP) for services provided to MinnesotaCare enrollees who are children or pregnant women. In early 1997, the state submitted additional waiver requests to the federal government as part of Phase 2 of the health care reform waiver. One of the requests was to obtain FFP for MinnesotaCare enrollees who are parents or relative caretakers of children under age 21 in households with incomes that do not exceed 175 percent of the federal poverty guidelines. This request was approved and the state has received FFP for these parents and relative caretakers as of March 1, 1999.

federal poverty guidelines. These restorative services are subject to a 50 percent co-payment.

- Inpatient hospital services for adults who are not pregnant and who: (1) reside in households without children; or (2) are parents with household incomes greater than 175 percent of the federal poverty guidelines, are subject to an annual benefit limit of $10,000. This limit does not apply to parents with household incomes that do not exceed 175 percent of the federal poverty guidelines.

- Outpatient mental health services for adults who are not pregnant are limited to diagnostic assessments; psychological testing; explanation of findings; day treatment; partial hospitalization; individual, family, and group psychotherapy; and medication management.

Co-payments for Adults

Adults who are not pregnant are subject to the following co-payments. These co-payments do not apply to pregnant women or children. The inpatient hospital co-payment also does not apply to parents and relative caretakers of children under age 21.[62]

- Co-payment of 10 percent of paid charges for inpatient hospital services, up to an annual maximum of $1,000 per adult or $3,000 per family.

[62] The 1999 Legislature exempted the following groups of individuals from co-payments: parents and relative caretakers of children under age 21 in households with incomes not exceeding 175 percent of the federal poverty guidelines, and pregnant women and children under the age of 21 (Minn. Stat. § 256L.03, subd. 5). The exemptions are to be implemented only if required to obtain federal Medicaid funding for these individuals, and expire on July 1, 2000. The federal Health Care Financing Administration, in a letter to DHS dated May 25, 1999, approved co-payments for parents and relative caretakers for prescription drugs, eyeglasses, and restorative dental care services, but did not approve the co-payment for inpatient hospital services.

- $3.00 co-payment per prescription.

- $25.00 co-payment per pair of eyeglasses.

- Co-payment of 50 percent of the MA allowable charge for restorative dental care services provided to adults who are not pregnant and have household incomes that do not exceed 175 percent of the federal poverty guidelines.

Covered Services under MinnesotaCare

Service	Children and Pregnant Women	All Other Adults*
Access services (transportation, lodging, interpreter, and other services needed to access other covered services)	X	
Chemical dependency services	X	X
Chiropractic	X	X
Dental services	X	X
Diagnostic, screening, preventive services	X	X
Family planning services	X	X
Hearing aids	X	X
Certain home care services	X	X
Hospice care services	X	X
Individualized Education Plan/Special education services	X	
Immunizations	X	X
Inpatient hospital services	X	X
Long-term care facility services	X	
Medical equipment and supplies	X	X
Nurse practitioner services	X	X
Orthodontic services	X	
Outpatient laboratory and x-ray services	X	X
Outpatient mental health services	X	X
Personal care attendant and case management services	X	
Physical therapy, occupational therapy, speech therapy, audiology	X	X
Physician and health clinic visits	X	X
Pregnancy-related services	X	X
Most prescription drugs	X	X
Private duty nursing services	X	
Public health nursing clinic services	X	X
Rehabilitative therapy services	X	X
Sign and spoken language interpreter services	X	X
Transportation: emergency	X	X
Transportation: special	X	
Vision care, including prescription eyeglasses	X	X

* Benefit limitations and cost-sharing requirements apply.

Enrollee Premiums

$48 Annual Premium

Children enrolling in MinnesotaCare are charged an annual premium of $48 per child, if they are from households with incomes that do not exceed 150 percent of the federal poverty guidelines.

Subsidized Premium Based on Sliding Scale

Adults enrolling in MinnesotaCare are charged a subsidized premium based upon a sliding scale.

Children enrolling in MinnesotaCare who do not qualify for the $48 annual premium described above, and adults enrolling in the program, are charged a subsidized premium based upon a sliding scale. The premium charged ranges from 1.5 percent to 8.8 percent of gross family income. The minimum premium is $4 per person per month.

The following table provides sample monthly premiums for different income levels and household sizes. These premiums apply to both families with children and to single adults and households without children. Complete premium tables are available from DHS.

Sample Monthly Household Premiums
(as of April 1, 1999)

	Household Size (assumes all household members enroll)				
Gross Monthly Income	**1**	**2***	**3**	**4**	**5**
$250	$4	$8	$12	$12	$12
$500	9	8	12	12	12
$1,000	31	23	18	18	18
$1,500	89	57	46	34	34
$2,000	N.E.	119	96	76	62
$2,500	N.E.	220	147	120	95
$3,000	N.E.	N.E.	265	176	143
$3,500	N.E.	N.E.	N.E.	309	208
$4,000	N.E.	N.E.	N.E.	N.E.	297

NOTE: N.E. means **not eligible** to enroll in MinnesotaCare at this income level.
* The maximum income limit for households without children (household size of two) is $1,613 per month. The sample premiums listed in the table for a household size of two reflect the higher income limit that applies to families with children.

Prepaid MinnesotaCare

All MinnesotaCare enrolles receive health care services through prepaid health plans.

The legislature has authorized the commissioner of Human Services to contract with health maintenance organizations and other prepaid health plans to deliver health care services to MinnesotaCare enrollees. MinnesotaCare enrollees were switched from fee-for-service care to prepaid care in stages, between July 1, 1996, and January 1, 1997. Since January 1, 1997, all MinnesotaCare enrollees have received health care services through prepaid health plans and not through fee-for-service.[63]

Prepaid health plans (sometimes referred to as managed care plans) receive a capitated payment from DHS for each MinnesotaCare enrollee, and in return are required to provide enrollees with all covered health care services for a set period of time. A capitated payment is a predetermined, fixed payment per enrollee that does not vary with the amount or type of health care services provided. A prepaid health plan reimbursed under capitation does not receive a higher payment for providing more units of service or more expensive services to an enrollee, nor does it receive a lower payment for providing fewer units of service or less expensive services to an enrollee.

Under prepaid MinnesotaCare, enrollees select a specific prepaid plan from which to receive services, obtain services from providers in that plan's provider network, and follow that plan's procedures for seeing specialists and accessing health care services. Enrollee premiums, covered health care services, and co-payments are the same as they would have been under fee-for-service MinnesotaCare.

Funding and Expenditures

Total payments for medical care services provided through MinnesotaCare were $110.7 million in fiscal year 1998. About two-thirds of this amount was paid for through state payments from the health care access fund. Enrollee premiums and co-payments and federal funding received under the health care reform waiver pay for the remainder.

Funding for the state share of MinnesotaCare costs, and for other health care access initiatives, is provided by:

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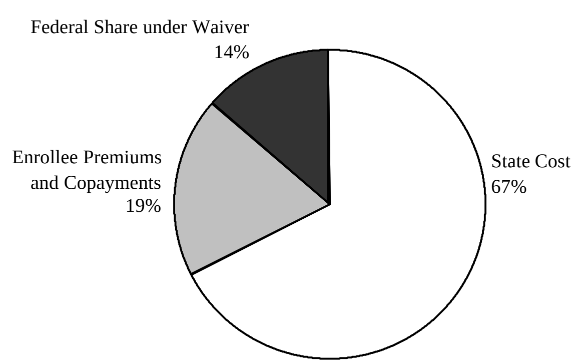
[63] The 1996 health and human services supplemental appropriations act requires the commissioner of Human Services to seek a federal waiver to allow a fee-for-service plan option for MinnesotaCare enrollees (Laws 1996, ch. 451, art. 2, § 33). This request has been included in Phase 2 of the health care reform waiver.

- A tax on the gross revenues of health care providers, hospitals, surgical centers, and wholesale drug distributors (sometimes referred to as the “provider tax”). The tax percentage is 1.5 percent of gross revenues for calendar years 1998 through 2001.

- A 1 percent premium tax on health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks. For calendar years 1998 and 1999, Minnesota law exempts these entities from the premium tax if the rate of increase in their expenditures for health care services in the individual and small employer markets does not exceed the MinnesotaCare cost containment goals specified in section 62J.04. For calendar years after 1999, no premium tax will be imposed if the commissioner of Finance determines there will be no structural deficit in the health care access fund for the next fiscal year. If a deficit is projected, the commissioner of Finance is required to reinstate the tax, in increments of 0.25 percent, at the lowest level that is sufficient to eliminate the projected structural deficit. The commissioner has projected that the tax will need to be reinstated at 1.0 percent effective January 1, 2001.

Medicare, MA, GAMC, and MinnesotaCare payments to providers are excluded from gross revenues for purposes of the gross revenues taxes. Other specified payments, including payments for nursing home services, are also excluded from gross revenues.

MinnesotaCare Funding
(FY 1998)

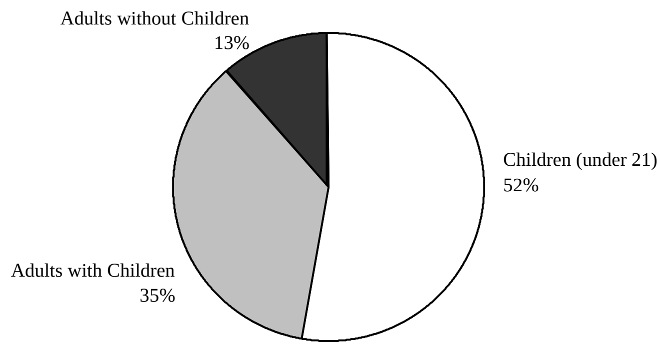


Source: DHS November 1998 forecast

Recipient Profile

As of April 1, 1999, 108,468 individuals were enrolled in the MinnesotaCare program. Just over one-half of these individuals were children.

MinnesotaCare Enrollment
(April 1, 1999)



Source: DHS MinnesotaCare Enrollment Reference Sheet, May 1999

Other Family Assistance Programs

Child Care

Child Care assistance programs receive federal, state, and county funds to subsidize the child care expenses of eligible families, including families participating in MFIP or Work First, and working families or students who receive no cash assistance and have incomes at or below 75 percent of the state median income adjusted for family size.

Administration

Congress

The federal government supports child care assistance through the Child Care and Development Fund established by Congress in 1996..

The federal government supports child care assistance through the Child Care and Development Fund (CCDF) established by Congress in 1996 as part of federal welfare reform. Previous federal child care programs were repealed by The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which created CCDF as a unified child care fund.

In addition to appropriating money for the CCDF, Congress authorized states to transfer up to 30 percent of the annual federal TANF block grant to the child care and development fund to be used for child care assistance and the development of child care.

U.S. Department of Health and Human Services (DHHS)

The CCDF is administered by the Administration for Children and Families in the DHHS. Federal legislation requires states to submit a plan to the secretary of DHHS. The plan must provide for parental choice of providers, unlimited parental access to children in child care, provisions to record parental complaints, consumer education, compliance with state licensing requirements, compliance with health and safety requirements to protect children, and provisions to meet the needs of certain groups including families attempting to transition off of cash assistance programs through work. DHHS issued final CCDF rules in July 1998. Eligibility criteria and payment methods are set in the federal rules which also direct the governor to appoint a lead agency to administer the child care fund. The lead agency in Minnesota is the Department of Children, Families and Learning (CFL).

Minnesota State Legislature

Minnesota subsidizes the cost of child care for welfare recipients and other low-income families.

The Minnesota Legislature established a statewide child care assistance program to subsidize the cost of child care for welfare recipients and other low-income families in 1985. In 1989, the legislature separated the funding for the basic sliding fee child care assistance program from the funding that provided child care assistance as an entitlement for eligible families receiving welfare. Working families who did not receive cash assistance were eligible for the basic sliding fee program under a limited and capped funding allocation.

The 1995 Legislature transferred the administration of the child care assistance programs from the Department of Human Services to the newly created CFL. The transfer was effective on July 1, 1996. Minnesota child care assistance law is primarily found in Minnesota Statutes, chapter 119B which:

- authorizes the commissioner of CFL to receive, administer, and expend funds from the CCDF;
- establishes the MFIP child care assistance program for MFIP families who are engaged in authorized activities and families who are transitioning off MFIP;
- establishes the basic sliding fee child care assistance program for nonMFIP families who are income-eligible and employed, actively seeking employment, or are students.
- establishes programs that provide continuing child care assistance for families who move and subsidies for eligible families who care for their infants in their home;
- authorizes the commissioner of CFL to adopt rules for the child care assistance programs; and
- establishes a formula to allocate federal and state money to counties to provide assistance through the basic sliding fee program.

The legislature appropriates money for both MFIP child care assistance and basic sliding fee child care assistance.

Minnesota Department of Children, Families and Learning (CFL)

The Minnesota Department of Children, Families and Learning (CFL) is responsible for coordinating child care assistance appropriations and maximizing the use of federal child care assistance funds. CFL establishes standards for county boards to provide child care assistance to eligible families. The standards are found in Minnesota Rules chapter 3400 which:

- define family eligibility for all child care assistance programs;
- provide a sliding fee schedule for parental co-payments for child care assistance programs;
- provide for payment methods and procedures for child care subsidies;
- establish child care rates; and
- establish administrative responsibilities for counties.

CFL supervises county administration of child care assistance programs and reimburses counties for the cost of child care assistance. CFL allocates funding to the counties for the basic sliding fee program. The allocation for each county is based on formulas in Minnesota Statutes, chapter 119B and is limited by state and federal appropriations.

CFL is also authorized to contract with Indian tribes with a reservation in Minnesota to operate child care assistance programs.

Counties

Each Minnesota county must adopt written policies on child care assistance, provide information on child care programs, and maintain a waiting list for basic sliding fee assistance.

In Minnesota, counties administer child care assistance programs. Counties must accept applications for child care assistance and determine a family's eligibility for assistance. Counties may make assistance payments either to the provider or to the assisted family. Each county must adopt written policies on child care assistance, provide information on child care programs, and maintain a waiting list for basic sliding fee assistance.

Counties must determine if child care providers are eligible to receive a subsidized payment through the child care assistance programs. Counties must register participating legal nonlicensed child care providers and must refer parental health and safety complaints about registered providers to the appropriate agency.

Counties are required to use local funding sources to make a financial contribution to child care assistance programs. Each county must submit a child care fund plan to CFL. The plan must certify that the county has not used money from the child care fund to supplant other available federal and state funding sources, but has maintained a comparable level of effort.

Eligibility Requirements

Child care assistance programs reduce the costs of child care services for eligible families according to a sliding fee scale. The purpose of the assistance is to enable families to seek or retain employment, or to participate in education or training that leads to employment. A family must apply for child care assistance. To be eligible, a family must:

Child care assistance programs reduce the costs of child care services for eligible families according to a sliding fee scale.

- have income within the income guidelines based on family size;
- have all parents participating in an authorized activity;
- choose a legal child care provider (licensed family or center child care, or legal nonlicensed family, individual, or center care); and
- cooperate with child support enforcement for all children in the assisted household and assign the child care portion of child support to the state.

Maximum subsidies are established by CFL based on type of child care and the county of residence.

Eligible Children, Families, and Caregivers

The child care assistance programs provide a child care subsidy for the care of children in eligible families who are under the age of 13 or for the care of disabled children in eligible families up to the age of 15.

"Family" for the child care assistance programs includes:

- family members living in the same home including parents, stepparents, guardians and their spouses, other eligible relative caregivers and their spouses, and dependent children under the age of 18 who are related by blood or adoption;
- dependent children under age 18 who are temporarily absent from the home for school, foster care, or residential treatment;
- parents, stepparents, guardians and their spouses and other relative caregivers and their spouses temporarily absent from the home for school, military service, or rehabilitation programs; and

- adults age 18 or older who meet the definition of family, are attending high school or post-secondary school, and receive 50 percent or more of their income from family members living in the same household.

For a minor parent living with relatives, "family" includes only the minor parent or parents and their children.

MFIP Child Care Eligibility

MFIP child care is a fully funded program that provides a child care subsidy to eligible MFIP and WorkFIRST families.

MFIP child care is a fully funded program that provides a child care subsidy to eligible MFIP and WorkFIRST families who participate in authorized education and employment activities. Family members must be participating in an authorized activity. MFIP or WorkFIRST families who choose to forego the cash assistance grant are also eligible for child care assistance for authorized activities.

MFIP or WorkFIRST families with an employment or job search plan are eligible for child care assistance for activities provided in their plan, including:

- orientations to employment services;
- employment;
- assessments;
- participation in work or training activities;
- appeals or hearings for cash assistance programs; and
- job search.

MFIP or WorkFIRST families without an employment plan are eligible for child care assistance for:

- employment earning at least the minimum wage for an average of 20 hours per week or more;
- job search, as authorized, for up to 240 hours per year;
- orientation to MFIP financial assistance; and
- appeals or hearings for cash assistance.

Social services activities are not eligible for subsidized child care through the MFIP child care program, even if the activities are required in a family's employment plan. Social services activities include parent education, chemical dependency counseling or treatment, or mental health counseling or treatment. Some counties have subsidized social services activities with federal Title XX funds, CSSA funds, or county funds.

Transition Year Child Care Eligibility

Annual income limits for participation in Minnesota's child care assistance programs are based on estimates of median incomes published by DHHS.

Transition year child care assistance is a fully funded program that provides one year of child care assistance to families who leave either MFIP or the WorkFIRST program. Eligibility for transition year assistance begins the first month that a family is ineligible for MFIP or WorkFIRST and continues for 12 consecutive months. To be eligible for transition year child care assistance:

- **WorkFIRST families** must leave WorkFIRST due to an increase in earnings or an increase in child or spousal support payments.

- **MFIP families** must have participated in MFIP three of the prior six months and must have lost MFIP eligibility due to an increase in income from earnings or an increase in child or spousal support payments.

Eligible families are provided transition year child care assistance for employment or job search activities.

Transition year families may lose eligibility if the caretaker terminates employment without good cause. A caretaker may leave a job with *good cause* with documented reasons that the job is unsuitable for the person's capacity, determination by a state or federal agency that the job site is unsafe, documented job site discrimination, payment of gross hourly wages less than the required minimum wage, or acceptance of employment with better compensation.

Basic Sliding Fee Child Care Eligibility

Basic sliding fee child care assistance provides child care assistance for families who are not participating in MFIP, WorkFIRST, or receiving transition year child care assistance. Eligible families must have incomes within the income range established and participate in authorized activities. Assistance to eligible families is limited by the availability of federal and state funding.

Income Limits for Child Care Assistance

Families receiving assistance through the MFIP child care program must be income eligible for the MFIP cash assistance program (see page 18). Families receiving assistance through the transition year or basic sliding fee program must have incomes at or below 75 percent of state median income adjusted for family size.

Transition Year and Basic Sliding Fee Child Care Income Limits
Annual income limits for participation in Minnesota's basic sliding fee and transition year child care assistance programs are based on estimates of median incomes published by the U.S. Department of Health and Human Services. The median income for a Minnesota family of four is $56,200 for fiscal year 1999 and $60,577 for fiscal year 2000. Families with incomes at or below 75 percent of the state median are income eligible for child care assistance. The chart below shows income eligibility for families with two to six members for state fiscal years 1999 and 2000.

Income Limits for Basic Sliding Fee and Transition Year Child Care Assistance

Family Size	Maximum Income Limit	
	FY 1999	FY 2000
2	$28,665	$30,897
3	$35,410	$38,168
4	$42,155	$45,438
5	$48,900	$52,708
6	$55,644	$59,978

Annual gross income is the basis for determining income eligibility for child care assistance. Gross income includes earned income, self-employment income, unearned income, and lump sum payments received by all family members. Income excludes payments of health insurance premiums, Supplemental Security Income, scholarships, education grants and work-study income, tuition loans and reimbursements, earned income tax credits, in-kind assistance including, but not limited to child care assistance, foster care assistance, earned income of student family members without a high school diploma or GED, family subsidy program grants, lump sum payments used for a directed purpose, and child care support assigned to the state.

Earned income for wage and salary employees is the total amount of income from employment before any payroll deductions. It includes:

- salaries and wages;
- tips and gratuities;
- commissions and incentive payments;
- employer payments for accrued vacation and sick leave;

- profits earned by an individual;
- uniform and meal allowances if federal taxes are deducted;
- flexible employer benefits selected by an employee in place of cash; and
- fair market value of housing included in compensation.

Unearned income includes:

- assistance payments including cash assistance and at-home infant care payments;
- interest and dividends;
- benefit payments including unemployment compensation, disability, and veterans;
- pension payments;
- support payments for child support and spousal support; and
- insurance or severance payments.

The cost of securing unearned income is deducted from the amount of unearned income.

Self-employment income is earned income equal to the difference between gross receipts and authorized expenses. Farm income and rental income are self-employment income. Authorized expenses exclude:

- the purchase of capital assets or payment of principal for capital loans;
- depreciation and amortization;
- the value of inventory for sale;
- transportation costs above the federal allowance or for the cost of travel from home to work;
- salaries and deductions for family members;
- monthly expenses above the allowance for roomers, boarders, or roomer-boarders or upkeep and repair of rental property; and
- expenses not allowed by the federal tax code for self-employment.

Lump sum payments are treated as earned or unearned income depending on the source of the payment. Rental income is treated as self-employment or unearned income depending on the amount of time the owner spends on property maintenance or management.

Additional Eligibility Requirements

To be eligible for child care assistance, families must:

- apply for child care assistance in the county where they live;

- document income eligibility, residence, and the authorized activities that require child care assistance;
- select a legal child care provider, including legal nonlicensed providers;
- notify the county, within ten days, of any change in household size, status, income, and residence;
- cooperate with the establishment of paternity and enforcement of child support obligations for all children in the family and assign the child care portion of support to the state; and
- pay a family co-payment as required by law.

Family Co-payments

Families with incomes above 75 percent of the federal poverty guidelines must a pay a family co-payment to receive child care assistance through the MFIP, transition year, or basic sliding fee programs. The amount of the co-payment is based on family size and family income. The number of children requiring child care and the parent's choice of child care provider do not directly influence a family's co-payment

The 1999 Legislature increased co-payments beginning in state fiscal year 2000 for families with incomes above 100 percent of the poverty guidelines with the savings expanding assistance through the basic sliding fee program. The table below shows family co-payments for fiscal year 2000.

Co-Payment Schedule for Child Care Assistance
Fiscal Year 2000

Family Size	Annual Income		Monthly Co-payment	
	75% of Federal Poverty	75% of State Median	Minimum	Maximum
2	$ 8,295	$30,897	$5	$ 515
3	10,410	38,168	5	636
4	12,525	45,438	5	757
5	14,640	52,708	5	878
6	16,755	59,978	5	1,000
7	18,870	61,341	5	1,022
8	20,985	62,704	5	1,045
9	3,100	64,068	5	1,068
10	25,215	65,431	5	1,091
11	27,330	66,794	5	1,113
12	29,445	68,158	5	1,136
13	31,560	69,521	5	1,159

Basic Sliding Fee Waiting Lists

When funds are unavailable for child care subsidies through the basic sliding program, a county must maintain and periodically update a waiting list of eligible applicants. As funds become available, families receive child care assistance according to three statutory priorities:

(1) the child care needs of minor and other parents without a high school diploma or GED or parents who need remedial education to pursue employment;

(2) continuing the child care subsidy for a family who has completed 12 months of transition year child care; and

(3) continuing the child care subsidy for a family who has moved to a county with a waiting list from a county where they received a basic sliding fee subsidy.

Benefits

Maximum benefits under the child care assistance programs cannot exceed 120 hours of subsidized care in a two-week period for each eligible child.

Benefits under the child care assistance programs depend on the caretaker's activities, the selection of a child care provider, where the family lives, and the amount of the family co-payment. Maximum benefits under the child care assistance programs cannot exceed 120 hours of subsidized care in a two-week period for each eligible child. A family may also be reimbursed for up to two child care registration fees per year for each eligible child

Under state law, the maximum reimbursement rate for child care assistance must be equal to or less than the 75th percentile of the cost of similar care in the county. CFL approves child care reimbursement rates for each county based on a survey of child care providers. The cost of child care varies throughout the state. It also varies by the age of the child and the type of child care provider—family or center based. Infant child care in a child care center in the Twin Cities area is the most expensive child care in Minnesota. The following table shows approved weekly rates by provider type and age of the child in each of the development regions. CFL approves a rate for each type of care in each county of the state. Regional information is used when the number of providers in a county is too small for an accurate sample. Some regions have too few centers to establish an accurate approved rate.

Average Maximum Weekly Child Care Rates by Region, Provider Type and Age of Child
Approved for Fiscal Year 2000[64]

	Infant		Toddler		Pre-school		School age	
	Family	**Center**	**Family**	**Center**	**Family**	**Center**	**Family**	**Center**
Region 1	$80-90	$112	$80-88	$90	$80-88	$85	$80-88	$85
Region 2	$88-100	$104	$88-100	$90	$75-100	$90	$75-100	$90
Region 3	$100-118	$135	$100-118	$124	$100-118	$112	$100-118	$112
Region 4	$88-100	$115	$88-100	$90	$88-100	$97	$88-100	$112
Region 5	$88-100	$100	$88-100	$90	$88-100	$90	$88-100	$90
Region 6E	$88-112	$117	$88-100	$102	$88-100	$98	$88-100	$86
Region 6W	$88-92	N.A.	$88	N.A.	$88	$79	$88	N.A.
Region 7E	$100-125	$124	$90-125	$102	$88-125	$92	$88-112	$101
Region 7W	$90-105	$136	$86-95	$114	$80-90	$106	$80-90	$95
Region 8	$75-105	$94	$75-100	$88	$75-100	$81	$75-100	$81
Region 9	$88-112	$117	$88-112	$101	$88-110	$99	$88-110	$93
Region 10	$90-125	$177	$88-110	$132	$85-100	$122	$85-100	$122
Region 11	$110-130	$179-210	$100-125	$151-181	$93-110	$132-152	$87-100	$130-148

Source: Department of Children, Families and Learning Bulletin #99-005, July 1, 1999
N.A. Insufficient information to establish county or regional rates. County must pay provider charge.

Provider Payments

Counties must pay providers with credentials approved by the commissioner, a 10 percent bonus above the maximum reimbursement rate to up to the actual cost of child care. Counties also approve special reimbursement rates for the care of children with special needs.
A family's actual benefit is based on the actual cost of care less the family co-payment. Families may select care arrangements with a rate higher than the maximum allowable rate, however the family is responsible for any amount over the approval maximum plus the family co-payment.

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[64] Actual maximum rates are approved for each county in the region. The table contains regional summary rates for child care centers in all regions except region 11. Family rates are calculated based on 50 hours of care at the approved hourly rate for all regions except regions 7W, 10, and 11.

Continuation of Benefit

Families may continue to receive MFIP child care assistance as long as they are participating in MFIP and engaged in authorized activities. Families may receive 12 consecutive months of transition year child care assistance as long as the family is income-eligible and engaged in an authorized activity. Families may receive assistance through the basic sliding fee program as long as the family is income-eligible and engaged in an authorized activity. Student assistance under the basic sliding fee program is limited to the amount of time necessary to complete a degree program. Child care assistance for job search activities for families without an employment plan is limited to 240 hours per year.

Limits on the amount of child care assistance by activity are presented in the table below.

Child Care Assistance by Work Activity

	Requirements	**Benefits**
Hourly Wage Employment	Paid wages equal to the minimum wage or greater	Child care for: • hours of employment • breaks during employment • maximum two hours of daily travel • maximum of 120 hours in two weeks
Nonstudents	Work an average of 20 hours per week	
Full-time students	Work an average of 10 hours per week	Students may receive basic sliding fee assistance for the time necessary to complete the credit requirements for the degree program
Employment – no hourly wage	Self-employed or other employment without hourly wages	Hours of child care equal to the lesser of: • gross earned income divided by the minimum wage, plus one hour for breaks and meals per eight-hour day, plus one hour for travel per day; or • the actual amount of care for employment, breaks and meals plus up to two hours daily for travel
Job Search	Must be included in employment plan or activities supporting job search for families without a plan	Up to 240 hours per calendar year for basic sliding fee and MFIP child care without an employment plan.

Child Care Assistance for Specific Populations

At-Home Infant Care Program

State law authorizes the CFL to use a portion of the state basic sliding fee appropriation for a subsidy for parents to provide care in their home for their infant child under the age of one year. To be eligible, a family must be participating in the basic sliding fee program or meet the program's income and authorized activity requirements. A family on the basic sliding fee waiting list may receive the at-home subsidy. Participation in the at-home infant care program is limited to a lifetime total of 12 months per family. Former MFIP participants who have not used all of the one-year exemption from work requirements for parents of infants are eligible for an at-home subsidy. The subsidy amount is equal to 75 percent of the maximum rate for family child care in the family's county of residence less the applicable parent fee. A family is ineligible for other child care assistance while receiving an at-home infant care subsidy.

Migrant Care Program

CFL administers the migrant child care program through a contract with the Tri-Valley Opportunity Council. The program provides full-day child care for the children of migrant workers. Some migrant child care programs coordinate with with migrant Head Start programs. Migrant child care is funded with $385,000 in federal funds each year and $300,000 of state funds each year.

Higher Education Child Care Grant Program

The Higher Education Services Office (HESO) administers a grant program to subsidize the cost of child care for eligible students attending Minnesota post-secondary institutions. Eligible Minnesota residents may apply for a grant through the financial aid office at their school. To be eligible the student must have one or more children ages 12 or under, meet the family income guidelines, and be enrolled at least half-time in a nonsectarian program leading to an undergraduate degree, diploma, or certificate. HESO establishes income criteria adjusted for family size. The income guidelines are lower than for the basic sliding fee program ($25,000 for a two-person family, $31,000 for a three-person, and $37,000 for a four-person family.) MFIP participants are not eligible for a child care grant. The state appropriates approximately $4.7 million per year for child care grants.

The maximum child care grant is $2,000 per year. Actual awards are based on the number of children in the family eligible for care, the amount of care necessary for education and work, family income, and the availability of funding. The legislature authorized grants for infant care to exceed the maximum award by 10 percent if necessary. With the exception of private proprietary schools, most post-secondary schools in Minnesota are eligible to participate in the grant program.

Funding and Expenditures

Federal, state, and county government fund child care assistance programs.

Federal Funding

Federal funding for child care is distributed to the states through CCDF.

Federal funding for child care is distributed to the states through CCDF which includes mandatory and discretionary components and three funding streams, as described below:

- **Mandatory funds** provide funding to the states for subsidized child care. A state's base allocation is equal to the greater of the state's share of federal child care expenditures for fiscal years 1994 or 1995; or the average of the federal child care expenditures for fiscal years 1992 through 1994. A state is not required to match or meet a maintenance of effort level for mandatory funding. Federal fiscal year 1995 is the base year for Minnesota's mandatory funds under the CCDF.

- **Matching funds** provide federal funding in addition to the mandatory funds. To be eligible for matching funds, a state must first spend the maintenance of effort which is equal to the state's base year child care expenditures. State expenditures above the maintenance of effort level are matched at the federal medical assistance rate (FMAR) up to a state's maximum allocation for that year.

- **Discretionary funds** are authorized by Congress and distributed to states according to a formula. Under the formula, half of a state's allotment is based on its share of children under the age of five and half on its share of children eligible for free and reduced price meals. Both formula components are adjusted by the ratio of U.S. per capita income to the state's per capita income. The federal government does not require a state match or maintenance of effort expenditure for discretionary funding.

For state fiscal year 1998, the CCDF contributed 34 percent of Minnesota expenditures for subsidized child care. In state fiscal year 1999, the federal share is forecasted to be 36 percent from the CCDF. The contribution of federal funds in Minnesota varies by child care program—for fiscal year 1999, the federal share of MFIP child care was 35 percent, 100 percent of transition year child care, and 23 percent of the basic sliding fee child care costs.

The federal share will increase in fiscal years 2000 and 2001 due to the transfer of TANF block grant funds to the child care and development fund.

- **TANF block grant funds** under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 may be transferred to the CCDF. Federal law limits transfers to 30 percent or less of the annual TANF grant. The 1999 Minnesota Legislature authorized the transfer of a portion of the available TANF funds to the basic sliding fee program for assistance for eligible families including families who have exhausted their transition year benefits. TANF transfers replace a portion of the state general fund appropriations for the basic sliding fee program in fiscal years 2000 and 2001.

Nonfederal Funding

State general fund appropriations and county general funds are used for child care assistance programs.

- **State appropriations** provided the majority of funding for subsidized child care programs in the last biennium—62 percent in fiscal year 1998 and an estimated 62 percent for fiscal year 1999. The state's share of funding varies with the child care assistance program. In fiscal year 1999, the state is projected to fund 65 percent of MFIP child care assistance, 0 percent of transition year child care, and 73 percent of the basic sliding fee assistance. The use of TANF funds for child care assistance in fiscal years 2000 and 2001 will decrease the state's overall contribution to child care assistance and substantially reduce the state's share of basic sliding fee expenditures.

- **County funds** are also used for basic sliding fee child care assistance. The county contribution for fiscal years 1998 and 1999 averaged about 2 percent of direct service expenditures. Some counties choose to provide additional funding for child care programs through their general funds. All counties contribute approximately half of the total administrative costs of the child care assistance programs.

- **Assignment of child care** in child support orders will add to the funding for child care assistance under the basic sliding fee program beginning in fiscal year 2000. State law requires the child care portion of court-ordered child support to be assigned to the state for individuals who receive child care assistance. Money from the assignment is deposited in a special account and appropriated to the commissioner of Children, Families and Learning for child care assistance. Currently, the assignment mechanism is in place for families who receive assistance through the basic sliding fee and transition year child care assistance programs.

Expenditures

In state fiscal year 1998, the total cost of child care assistance programs was $122.7 million.

In state fiscal year 1998, the total cost of child care assistance programs, including county administration, was $122.7 million. Expenditures in state fiscal year 1999 are projected to be $161.5 million. Expenditures for each level of government on child care assistance program are as follows:

Actual Costs of Child Care Assistance Programs
SFY 1998

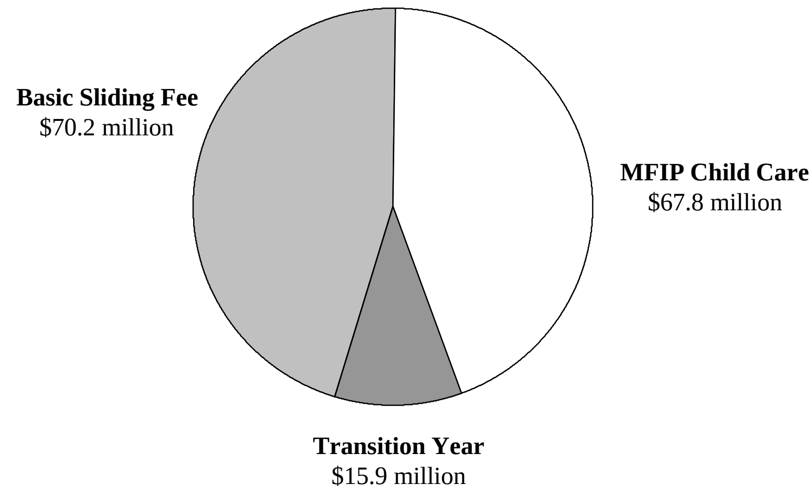
Federal	$37,961,073
State	$69,620,330
County	$ 4,179,493
Total	$111,760,896

Forecasted Costs of Child Care Assistance Programs
SFY 1999

Federal	$58,284,951
State	$100,345,159
County	$ 2,914,421
Total	$161,544,531

The graph below shows total costs by child care program for fiscal year 1999.

Child Care Assistance Programs
Total Cost
(Projected FY 1999)



House Research Graphics

Recipient Profile

The majority of families receiving assistance through the child care assistance programs are working families who need child care for employment.

The majority of families receiving assistance through the child care assistance programs are working families who need child care for employment. Two-thirds of the families who receive child care assistance through MFIP have an employment plan. Half of the families with an employment plan are receiving child care assistance only for activities that are defined as employment. The average amount of child care subsidy for a participating family ranged from $4,862 for basic sliding fee assistance to $5,797 for MFIP and transition year assistance.

In fiscal year 1999, the child care assistance programs subsidized the care of approximately 46,250 children. Most of the subsidized care is for children under the age of six—54 percent of the children were ages five or younger. Sixty-nine percent of the children were cared for in a family setting—38 percent in a licensed family child care facility.

The tables below have profiles of recipients of the child care assistance programs.

Families Receiving Child Care Assistance
(Fiscal Year 1999)

	Families	Children
Basic Sliding Fee Child Care		
Average Cost per Family[1]	$4,862	
Average Number of Children[1]		1.7
Number Served in Quarter[2]	14,300	24,468
Employed	13,114	22,777
Employment & Training	344	581
Students	842	1,110
MFIP Child Care		
Average Cost per Family[1]	$5,797	
Average Number of Children[1]		1.7
Number Served in Quarter[2]	10,553	19,018
Employment Only	6,376	11,977
Education & Training Only	2,296	3,847
Employment, Education, & Training	1,291	2,222
Appeals and other (AFDC)	590	972
Transition Year Child Care		
Average Cost per Family[1]	$5,797	
Total Number Assisted[2]	2,412	3,940

[1] State Fiscal Year 1999
[2] Quarter ending September 30, 1998.

Types of Child Care Providers and
Ages of Children in Subsidized Care
(Fiscal Year 1999)

Type of Child Care Providers	Number of Children	Percent
Legal Unlicensed (Registered) Providers		
In Provider's Home	10,360	22%
In Child's Home	4,024	9%
In Child Care Center (primarily operated by school district)	1,295	3%
Licensed Providers		
In Provider's Home	17,761	38%
In Child Care Center	12,812	28%
Age of Children in Subsidized Care	Number	Percent
Ages 0 - 1	3,515	8%
Ages 2 - 3	10,314	22%
Ages 4 - 5	10,962	24%
Ages 6 - 12	20,906	45%
Ages 13 - 14	555	1%
Total Number of Children	46,252	100%

Source: Department of Children, Families and Learning

Food Stamps

Food Stamps is a federal program that increases the food purchasing power of low-income households.

Administration

Congress

Congress established the Food Stamp program in 1964 after a series of pilot projects (including one conducted in St. Louis County) demonstrated the program's feasibility. The federal Food Stamp law establishes eligibility criteria, benefit calculations, work requirements, and other provisions for program funding, administration, and fraud detection.

U.S. Department of Agriculture Food and Consumer Service (FCS)

The Food and Consumer Service of the U.S. Department of Agriculture supervises the administration of the Food Stamp program nationwide. FCS establishes specific program rules and regulations, such as certification standards, the development of application forms, and the elements of the program's work requirements. FCS also must approve any request from a state agency for a waiver from program requirements.

Minnesota State Legislature

The legislature has assigned the administration of the Food Stamp program to the county welfare boards under the supervision of the state Department of Human Services. The legislature has also defined what constitutes food stamp theft (Minn. Stat. § 393.07).

State Department of Human Services (DHS)

DHS supervises the administration of the Food Stamp program in Minnesota, including required quality control and management evaluations.

Counties

Counties administer the Food Stamp program. The county welfare agency determines if a household meets federal eligibility requirements and enables DHS to issue food stamp benefits directly to eligible recipients.

Eligibility Requirements

Food stamps assist households composed of eligible single individuals and families. Generally speaking, the basic "food stamp household" consists of individuals living together who purchase and prepare meals in common. (For a more detailed definition of food stamp household, see Additional Eligibility Requirements, below.) A household qualifies for the Food Stamp program if it satisfies certain eligibility requirements or if its income and assets are below the program's established limits.

Categorical Eligibility

A household composed entirely of GA or SSI recipients is generally categorically eligible for food stamps, without regard to the household's income or assets.

A household composed entirely of GA or SSI recipients is generally categorically eligible for food stamps, without regard to the household's income or assets. A categorically eligible household may, however, receive zero food stamp benefits if its income available for food purchases under the program's guidelines exceeds the maximum allowable food stamp benefit. (See the maximum allotment chart under Benefits, below.)

A household composed entirely of MFIP recipients is also generally eligible for federally funded food stamp assistance. However, because the MFIP program combines cash assistance and food assistance in one program, MFIP recipients receive their food assistance benefits as a "food portion" of their total monthly MFIP grant, rather than receiving a cash grant and a separate food stamps monthly allotment (see MFIP, page 17).

Income Limits

Except for "categorically eligible" households, a household must have income below the maximum income limits established by Congress to qualify for food stamps. The income limits apply both to earned income and unearned income. Income that is received from certain sources, such as a minor child's earnings, low-income home energy assistance payments, or irregular income that is less than or equal to $30 per calendar quarter, is excluded from the income limits.

To be financially eligible for food stamps a household which is not categorically eligible, and which has no elderly or disabled member must meet both a gross monthly income test and net monthly income test. ("Gross monthly income" means a household's total nonexcluded income, before any deductions have been made. "Net monthly income" means gross income minus all deductions allowed by the program.) To qualify for food stamps such a household must have gross income that is at or below 130 percent of the federal poverty guidelines, and net income that is at or below 100 percent of those guidelines. A household which includes someone who is elderly or disabled must meet only the net income test.

Except for "categorically eligible" households, a household must have income below the maximum income limits established by Congress to qualify for food stamps.

The gross and net income limits are based on family size. The limits in effect for the 48 contiguous states and the District of Columbia beginning October 1, 1999, are shown in the table below.

Income Limits

Household Size	Maximum Gross Monthly Income 130% of Poverty	Maximum Net Monthly Income 100% of Poverty
1	$893	$687
2	1,199	922
3	1,504	1,157
4	1,810	1,392
5	2,115	1,627
6	2,421	1,862
7	2,726	2,097
8	3,032	2,332
Each additional member	$306	$235

A household's net monthly income is calculated by subtracting all of the applicable allowed deductions from the household's gross monthly income. The Food Stamp program permits the following deductions from gross income:

- a farm loss offset (if applicable)
- 20 percent of any earned income
- a standard disregard of $134

- out-of-pocket dependent care expenses, when the care is related to a household member's employment, job search, or job training, of up to $200 for each dependent under age two, and up to $175 for each dependent aged two and older

- regularly recurring medical expenses over $35 per month (applicable only in households with an elderly or disabled member)

- an excess shelter cost deduction for families who must pay more than 50 percent of their monthly income for shelter, including utilities. The maximum monthly shelter deduction is $275 for households without an elderly or disabled member; there is no maximum for households with an elderly or disabled member.)

Asset Limits

To be eligible for food stamps, households may have no more than $2,000 in countable assets. Households with at least one member who is age 60 or older may have up to $3,000 in countable assets. "Countable assets" include:

- cash-on-hand, savings, stocks and bonds, individual retirement accounts

- property and vehicles used for recreational purposes

- the fair market value of any nonrecreational vehicle, such as a family car, that is greater than $4,650 beginning October 1, 1996. Some vehicles may be totally excluded, if they are needed for self-employment, for the transportation of a physically disabled household member, or to carry fuel or water for the household.

"Countable assets" do not include:

- the value of the household's residence
- business assets
- household goods and personal effects
- burial plots

The federal food stamp law prohibits households from transferring ownership of their assets in order to qualify for food stamps. Households that do so are ineligible for program benefits for a period of up to one year.

For a complete list of asset limits, see Appendix I.

Additional Eligibility Requirements

In addition to financial need, the following conditions must met in order for a person to be eligible for food stamp benefits. Food Stamp recipients must also:

- **be citizens of the United States**
- **reside in a "household"**
- **register for work and fulfill job search requirements**
- **furnish their Social Security number to the state agency**
- **comply with monthly reporting requirements**

Food Stamp recipients must be citizens of the United States. Most noncitizens, including those legally present in the country, were initially made ineligible for the Food Stamp program by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the federal Welfare Reform Act). Congress subsequently restored food stamp eligibility for many legal noncitizens in the Agriculture Research, Extension, and Education Reform Act of 1998. Effective November 1, 1998, "qualified" legal noncitizens may be eligible to receive food stamp benefits if they fall into one of the following categories:

- persons lawfully residing in the United States on August 22, 1996, who are receiving payments or assistance for blindness or disability

- persons lawfully residing in the United States on August 22, 1996, who were 65 or older at that time

- children lawfully residing in the United States on August 22, 1996, who are currently under age 18 (when a child becomes 18, the child is no longer eligible for food stamps under this provision)

- refugees and asylees, for seven years after they achieve that status

- American Indians born in Canada

- other noncitizen American Indian applicants who are members of a tribe whose members are eligible for programs provided by the United States

- Cuban and Haitian entrants, for seven years after being admitted or granted status

- Amerasians, for seven years after being admitted or granted status

- veterans or persons on active military duty (this category also includes their spouses and dependent children)

- persons who are lawfully residing in the United States and who were members of a Hmong or Highland Laotian tribe at the time the tribe assisted U.S. personnel by taking part in a Vietnam-era military or rescue operation (this category may also include their spouses or unremarried surviving spouses and dependent children)

- individuals with a work history in this country of at least 40 qualifying calendar quarters

Food stamp recipients must reside in a "household." The Food Stamp program generally defines a "household" as an individual or group of individuals who live together and who customarily purchase food and prepare meals together for home consumption. The program also requires certain groups to be considered to be in same household even if they purchase food and prepare meals separately. Spouses who live together, certain siblings under the age of 22 who live together, children under the age of 22 who live with their parents, and children under the age of 18 who are under the parental control of another household member must be included in the same food stamp household.

There are, however, certain exceptions to these requirements. Elderly or disabled individuals can be separate households if they purchase and prepare food separately. Also, under certain circumstances, elderly persons who are unable to purchase or prepare food separately are nonetheless deemed to be separate households. Boarders and residents of most institutions are not eligible for food stamps regardless of how their food is purchased and prepared.

Food stamp recipients must register for work and fulfill job search requirements. Certain persons are exempt from work requirements.

Food stamp recipients must furnish their Social Security number to the state agency. This requirement is intended to help in the prevention of fraud and abuse.

Food stamp recipients must comply with monthly reporting requirements. Most households that receive food stamps must submit a monthly income report in order to continue to receive benefits.

In addition, federal restrictions make the following persons ineligible for food stamps:

- post-secondary students between the ages of 18 and 50 who are physically and mentally fit and who are enrolled at least half-time in an institution of higher education, unless they are receiving assistance through the MFIP program

- the head of a household who has voluntarily quit a job (ineligible for 90 days)

- households containing members who are on strike, unless the household was eligible before the strike

- undocumented or temporary immigrants

- most persons in institutional settings

- persons who have committed intentional program violations

State-purchased Food Stamp Benefits for Certain Legal Noncitizens

The 1998 Minnesota Legislature acted to provide food assistance from July 1, 1998, to June 30, 1999, to certain legal noncitizen state residents who are not eligible for federal food stamps. Utilizing an option made available to states in the federal 1997 Emergency Supplemental Appropriations Act, the legislature created the Minnesota Food Assistance Program (MFAP), which provides state-funded food stamp benefits to legal noncitizens who are ineligible for the federal Food Stamp program solely because of their citizenship status (Minn. Stat. § 256D.053). MFAP recipients must meet all applicable Food Stamp work requirements (discussed below), or they will be subject to sanctions for failure to participate.

The 1999 Legislature made MFAP permanent. It also modified the eligibility for the program, so that effective July 1, 2000, the program is limited to eligible legal noncitizen residents who are age 50 or older.

Benefits

Food Stamp Allotment

Food stamps are used to purchase food and food products, excluding alcohol, tobacco, and pet food, in approved stores. Individuals over 60 (and their spouses), blind and disabled persons, and homeless individuals can also use food stamps to purchase meals in authorized restaurants. In addition, food stamps can be used to purchase hot foods or hot food products through nonprofit meal delivery services, at communal dining facilities, and at institutions serving meals to drug addicts, alcoholics, and battered women and children.

Food stamp households receive a certified allotment based on the calculation of their monthly net income.

Food stamp households receive a certified allotment based on the calculation of their monthly net income. Each household's allotment is based on the "Thrifty Food Plan"—a plan developed by the U.S. Department of Agriculture which estimates the minimum amount of food a household needs to maintain an adequate diet. Food stamp benefits are issued on a monthly basis.[65]

Maximum monthly food stamp allotments are set annually by the federal government and vary by household size. The maximum allotments effective October 1, 1999, are shown below.

Household Size	Maximum Allotment
1	$127
2	234
3	335
4	426
5	506
6	607
7	671
8	767
Each additional member	$96

Emergency Aid

Households in "immediate need" must be issued food stamps on an expedited basis. County agencies must issue food stamps within 24 hours to the following households:

- households with less than $150 gross monthly income and no more than $100 in liquid assets
- destitute migrant or seasonal farmworker households with no more than $100 in liquid assets

[65] The Food Stamp Act of 1977 eliminated an original requirement that eligible households pay cash for the food stamps.

- households whose actual monthly housing and utility costs are greater than the total of their gross monthly income plus their liquid assets

There is no limit to the number of times a household can receive expedited benefits, as long as the household provides the county agency with certain required information before they again receive expedited benefits.

Issuance of Food Stamps

Food stamp benefits are issued directly to program recipients. Since October 1998 benefits have been issued to all Minnesota recipients in an electronic debit card format known as Electronic Benefits Transfer (EBT). Household members use their EBT card to access their food stamp benefits electronically at the point of sale (i.e., the grocery store). As part of the 1996 federal Welfare Reform Act, all states are required to move to EBT systems by October 1, 2001.

Other Food Stamp Program Features

Work Requirements

Like the federal welfare reform law, the Food Stamp program has some work requirements for recipients.

The federal food stamp law requires that people receiving food stamp benefits must register for work and participate in Food Stamp Employment and Training (FSET) activities unless they are exempt.

The following food stamp recipients are exempt from mandatory participation in FSET (Minn. Stat. § 256D.051, subd. 3a):

- a person who also receives assistance under the GA, MFIP, MSA, or Refugee Cash Assistance[66] programs;
- a child;
- a person over age 55;
- a person who is ill, injured, or incapacitated and certified as unable to work;

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[66] Refugee Cash Assistance (RCA) is a program that provides cash assistance and employment services to needy refugee single adults and childless couples who are ineligible for SSI during their first eight months in the United States.

- a person whose presence in the home is required to care for child under age six, or for an injured, ill, or incapacitated household member;

- a person who receives or has applied for Reemployment Insurance and who is required to register for work with the state Department of Economic Security;

- a person who is participating regularly in a chemical dependency treatment and rehabilitation program, provided the program and the county recommend that the person not participate in FSET;

- a self-employed person who is either working at least 30 hours per week, or who receives earnings that are at least equal to 30 hours a week at the minimum wage; or

- a student who is enrolled at least half-time in a recognized education program.

Each nonexempt adult member in a food stamp household must participate in FSET for each month that the household is eligible for food stamps. Persons who are exempt may volunteer for FSET and receive FSET services to the extent that funds are available.

FSET participants receive an orientation and an employability assessment. An employability development plan is created for each participant that is based on the participant's assessment. The employability development plan must include referrals to available remedial or skills training programs, if needed, and to available programs that provide subsidized or unsubsidized employment. A participant must spend at least eight hours per week, but cannot be required to spend more than 32 hours per week, in FSET activities.

Under the 1996 federal welfare reform law, an otherwise eligible able-bodied adult who is between the ages of 18 and 50 and is without dependents (ABAWD) is only eligible to receive foods stamps for three months in a 36-month period, unless the person is exempt from the time limit or is meeting the monthly work requirements. After using up these "three free months" of eligibility, in order to "earn" additional months of eligibility for food stamps the ABAWD must work at least 20 hours/week (averaged monthly), or must participate in employment and training activities.

The 1997 federal Balance Budget Act amended the ABAWD requirement to allow states to exempt 15 percent of the state's ABAWDs who have used up their three free months of food stamp eligibility, so that they may continue to be eligible for food stamps. DHS has implemented this ABAWD exemption provision in two steps. First, effective December 1, 1997, the state exempted ABAWDs who receive assistance under the GA program from the three-out-of-36-month time limit. Second, effective September 1, 1998, the state also exempted ABAWDs who receive assistance under the Refugee Cash Assistance program from this time limit.

Food stamp recipients who are required to participate in FSET but who do not cooperate with FSET requirements without good cause lose eligibility for the Food Stamp program for themselves and, if they are the principal wage earner, for the entire food stamp household. The disqualification period is between one and six months, depending upon whether it is the first, second or third failure to meet FSET requirements. (Minn. Stat. § 256D.051, subd. 1a.)

Funding and Expenditures

In state fiscal year 1998, Food Stamp expenditures in Minnesota were $171 million.

The federal government finances food stamp benefits.

During state fiscal year 1998 the federal government spent $171,233,381 on food stamp benefits to eligible households in Minnesota.

Recipient Profile

Most food stamp households also receive some form of public income assistance.

Fifty percent of the households receiving food stamps are families with children. Half of all food stamp recipients in Minnesota are children under the age of 19.

There were an average of 98,979 Minnesota households receiving food stamp benefits each month during state fiscal year 1998. Each household received an average monthly allotment of $144 in food stamp benefits.

Group Residential Housing

Group Residential Housing[67] (GRH) is a state program that provides payments on behalf of eligible persons to pay for room and board and related housing services.

Administration

Minnesota State Legislature

The legislature established GRH in Laws of Minnesota 1992, chapter 513, as the Group Residential Housing Act (Minn. Stat. §§ 256I.01-256I.06). The GRH act was a revision of existing law known as the Negotiated Rate Act. The GRH program pays for housing and related services that had been paid for under the Negotiated Rate Act by the Minnesota Supplemental Aid (MSA) and General Assistance (GA) programs.

The GRH program pays for housing and related services that had been paid for by MSA and GA.

State Department of Human Services (DHS)

DHS supervises program administration. The agency assists counties in GRH administration by providing them with technical assistance on eligibility requirements and other program components.

Counties

The counties administer the GRH program. County human services agencies are responsible for determining if individuals are eligible for GRH and calculating GRH payment levels for those individuals. Counties are also responsible for setting rates for GRH settings and for making payments to these settings.

Eligibility Requirements

In order to be eligible for GRH payments, an individual must have county approval for residence in a GRH setting and must: (1) be aged, blind, or over 18 years of age and disabled, and meet specified income and asset standards; or (2) belong to a category of individuals potentially eligible for GA and meet specified income and asset standards.

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[67] Text from an earlier version of this chapter was incorporated into a Department of Human Services bulletin, "MAXIS Conversion of Group Residential Housing (GRH) Program," May 17, 1999, #99-25-3.

An individual who is aged, blind, or over 18 years of age and disabled according to the criteria used by the Social Security program, is eligible for GRH if he or she:

- meets the asset standard of the Supplemental Security Income (SSI) program; and
- has an income that is less than the monthly rate specified in the county's agreement with the GRH provider, after deducting: (1) the income exclusions and disregards of the SSI program; (2) the MA personal needs allowance; and (3) for elderly waiver recipients, any income actually made available to a community spouse as part of the community spouse monthly income allowance.

A person who belongs to a category of individuals potentially eligible for GA is eligible for GRH if he or she: (1) has countable income under the GA program, minus the MA personal needs allowance, that is less than the monthly rate specified in the county agency's agreement with the GRH provider; and (2) meets the GA asset standard.

Eligible Residential Settings

In order to receive GRH payments, a residential setting must have an agreement with the county and be licensed.

Counties make GRH payments directly to eligible GRH settings. In order to receive GRH payments, a residential setting must have an agreement with the county agency to provide group residential housing services and must be: (1) licensed by Minnesota Department of Health (MDH) as a board and lodging establishment, supervised living facility, or boarding care home; (2) licensed by DHS as an adult foster home (family or corporate); or (3) licensed by MDH as a housing with services establishment under Minnesota Statutes, chapter 144D and provide three meals a day.

County agencies are prohibited from entering into agreements for new GRH beds with total rates that exceed the GRH basic room and board rate (see description on page 137), unless:[68]

- the facility is an adult foster care home, and DHS approval is obtained in the case of corporate adult foster care homes;
- the beds replace beds with rates in excess of the GRH basic room and board rate that are no longer available due to facility closure, change in licensure or certification, or downsizing;

[68] The GRH law (Minn. Stat. § 256I.04, subd. 3) also contains two outdated provisions allowing new beds if a facility is needed to meet RTC census reduction targets or to ensure compliance with federal Omnibus Budget Reconciliation Act requirements.

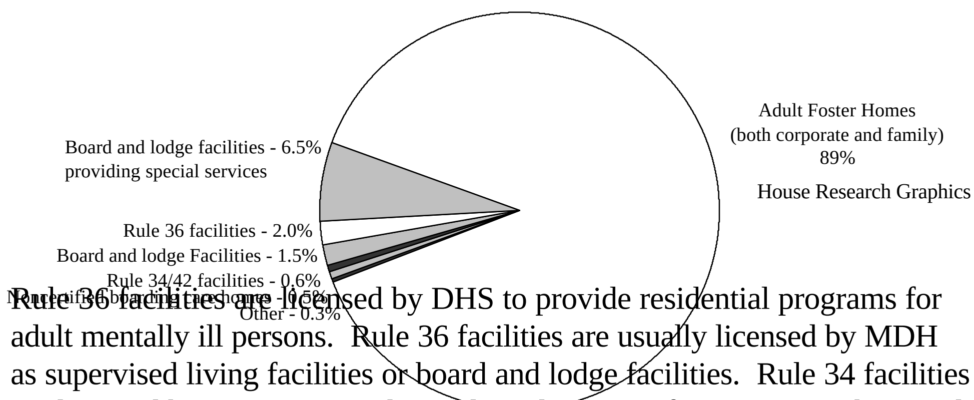
- the beds are part of an 80-bed facility in Hennepin County for chronic inebriates;

- the beds are part of supportive housing initiatives in Anoka, Dakota, Hennepin, or Ramsey County for homeless adults with mental illness, a history of substance abuse, or HIV or AIDs; or

- the beds are used exclusively for MA home and community-based waiver recipients who had resided in a nursing facility for the six months immediately prior to the month of entry into the GRH setting.

As of May 1999, there were 2,933 residential settings receiving GRH payments.[69]

Types of GRH Settings
As of May 1999



Rule 36 facilities are licensed by DHS to provide residential programs for adult mentally ill persons. Rule 36 facilities are usually licensed by MDH as supervised living facilities or board and lodge facilities. Rule 34 facilities are licensed by DHS to provide residential services for persons with mental retardation or related conditions, and rule 42 governs the operation of residential-based habilitation services for these individuals. Rule 34 facilities are licensed by MDH as supervised living facilities. Noncertified boarding care homes are licensed as boarding care homes by MDH but are not certified to provide services to MA recipients

[69] Information on the number and type of settings receiving GRH payments was provided by DHS using data from the MAXIS vendor system.

Benefits

Nearly all GRH recipients qualify for the GRH basic room and board rate of $621 per month.[70] Recipients in certain GRH settings may also qualify for a supplemental payment that is in addition to this base rate. The table on page 139 summarizes the different GRH payment rates.

A. GRH basic room and board rate. The GRH basic room and board rate, also referred to as the "MSA equivalent rate," is $621 per month, for the fiscal year beginning July 1, 1999. This rate is the sum of:

Nearly all GRH recipients qualify for the GRH basic room and board rate of $621 per month. Recipients in certain GRH settings may also qualify for a supplemental payment.

(1) the MSA basic need standard for an individual living alone ($561/month); and

(2) the maximum Food Stamp allotment for one person ($125/month); minus

(3) the MA personal needs allowance ($65/month).

The basic room and board rate is increased each July 1 by the sum of increases in the SSI income limit and the maximum Food Stamp allotment, minus the increase in the MA personal needs allowance.

B. Supplementary room and board rate. Counties are allowed to negotiate a supplementary room and board rate for MA home and community-based waiver recipients that exceeds the GRH basic room and board rate by up to $426.37, if the commissioner of Human Services has approved the rate. This rate is available only to corporate adult foster care settings and applies to all recipients in the setting.

For calendar years beginning on or after January 1, 2000, the average supplementary room and board rate in a county must not exceed the average rate for that county in effect on January 1, 2000. County agencies will be able to negotiate rates for individual GRH settings that are higher or lower than this average rate, and approval by the commissioner of Human Services will no longer be required. Counties that have not negotiated supplementary room and board rates as of January 1, 2000, or have an average rate of under $100 per person as of that date, may request approval from the commissioner for higher rates. Effective for calendar years beginning on or after January 1, 2000, the commissioner, within the limits of appropriations specifically for this purpose, is to increase each

[70] A few counties have GRH basic room and board rates of under $621 per month.

county's average supplemental room and board rate by the percentage change in the Consumer Price Index-All items, U.S. city average (CPI-U).

C. Supplementary service rate. Residents in a GRH setting may qualify for one of several supplementary service rates.

1. Corporate adult foster care. Counties are also allowed to negotiate a room and board rate that exceeds the GRH basic room and board rate by up to $426.37 per month for other services necessary to provide room and board, if the provider is not also receiving MA funding for waivered services or personal care services, or funding under Minnesota Rules, parts 9535.2000 to 9535.3000 (Rule 12) for residential services for the adult mentally ill.[71] The commissioner must approve the rate. This rate is available only to corporate adult foster care settings and applies to all recipients in the setting.

2. Difficulty of care payment. Counties are also allowed to negotiate higher rates for recipients residing in family adult foster care homes, based upon an assessment of an individual's supervision and care needs. The additional payment cannot exceed $426.37 per month and applies to specific individuals in a facility. Rate approval by the commissioner is not required. Difficulty of care payment rates for GRH recipients in the same setting may vary, based upon their assessments.

3. Facilities with higher historical rates. Some GRH settings were receiving payment rates under the negotiated rate system that were higher than the GRH base rate. Facilities receiving these higher rates prior to 1991 had these rates "grandparented" into the GRH payment system.

4. Statutory exceptions. Some GRH settings qualify for payment rates higher than the GRH base rate as a result of specific statutory provisions.

Rate increases. Counties are prohibited from increasing GRH rates for existing facilities above those in effect on June 30, 1993, except to:

- increase the GRH basic room and board rate to reflect cost-of-living increases, as described on page 137;

- increase rates for residents in family adult foster care whose difficulty of care has increased (subject to the overall maximum rate of $1,047.37 per month);

[71] The supplementary service rate for these corporate adult foster care providers of $426.37 per month will increase by 2 percent effective January 1, 2000 (see Laws 1999, ch. 245, art. 1, § 2, subd. 8, para. (g) [Provider Rate Increases]).

- increase rates for facilities experiencing substantial changes related to the number of beds, capital additions or improvements, relocation, or type of licensure; or

- comply with other exceptions in law.

GRH Payment Rates

Type of Payment	**Monthly Payment**	**Eligible Setting**	**Other Requirements**
A. GRH Basic Room and Board Rate	$621	All GRH settings	
B. Supplementary Room and Board Rate	Up to $426.37	Corporate Adult Foster Care	Recipient must be receiving MA waiver services
C. Supplementary Service Rate			
1. Corporate Adult Foster Care	Up to $426.37	Corporate Adult Foster Care	Recipient must not also be receiving MA waiver services, MA personal care services, or funding under Rule 12 for adult mentally ill
2. Difficulty of care	Up to $426.37	Family Adult Foster Care	Recipient must qualify based upon an assessment of supervision and care needs
3. Facilities with Higher Historical Rates	Up to $426.37	GRH settings that are not corporate adult foster care	Facility must have been receiving a payment rate higher than the GRH base rate prior to 1991 under the negotiated rate system
4. Statutory Exceptions	As specified in statute	GRH settings that are not corporate adult foster care	Higher facility rate must be authorized in statute

Payment of Benefits

Counties make GRH payments directly to the operator of the residential setting, using state general fund dollars. Counties can supplement GRH payments using their own financial resources.

The financial responsibility of the state for GRH payments is usually offset by a contribution from the recipient's income (e.g., SSI or Social Security Disability income). Recipients are required to contribute all income except that excluded by state or federal law. This amount can vary depending upon the recipient:

- An SSI recipient who is not working is allowed to keep the personal needs allowance of $65 and an additional $20.
- An SSI recipient who is working is allowed to keep the personal needs allowance of $65, an additional $20, plus the first $65 from employment and one-half of any additional earned income.
- Other adults, such as GA recipients, who are not working are allowed to keep the $65 personal needs allowance.
- A recipient who does not receive SSI and who is working is allowed to keep the first $50 of earned income and can deduct work expenses.

Funding and Expenditures

The GRH program is funded with state general fund dollars and receives no federal funding.

The GRH program is funded with state general fund dollars, using in part that portion of general fund dollars that had been used by the GA and MSA program to make payments to negotiated rate facilities to provide housing and related services under the Negotiated Rates Act. The GRH program receives no federal funding.

In September 1999, 10,498 persons received GRH payments. The total GRH expenditure for that month was $4,976,369 and the average monthly GRH payment per person was $474.

Section 8 Certificate and Voucher Programs

The Section 8 certificate and voucher programs are federally funded, locally administered programs designed to provide rental housing assistance for eligible low-income families.

The state legislature has funded a number of housing assistance programs for low-income people. However, the state-funded housing programs are more narrowly targeted than Section 8 and only two of these programs provide direct rental assistance to families and individuals. (See inset box at the end of this chapter for a more detailed description of state-funded rental assistance programs.)

Administration

Congress

Congress appropriates funds to the Department of Housing and Urban Development for the Section 8 certificate and voucher programs as authorized by the U.S. Housing Act of 1937.

U.S. Department of Housing and Urban Development (HUD)

While HUD supervises the administration of Section 8 certificate and voucher program, local housing authorities administer them.

HUD supervises the administration of the Section 8 certificate and voucher programs nationwide. HUD establishes specific program rules and regulations, such as income limits, fair market rents, and federal preferences for families on waiting lists for Section 8 assistance. HUD allocates Section 8 certificates and vouchers among local housing authorities nationwide, and provides funds to local housing authorities for housing assistance payments and local program administration costs.

Local Housing Authorities (HAs)

Local housing authorities administer the Section 8 certificate and voucher programs. HAs accept and review applications for Section 8 assistance, certify eligible families, maintain waiting lists, inspect rental units to ensure habitability, enter into contracts with landlords for rental units chosen by certificate and voucher holders, and make housing assistance payments to landlords.

Eligibility Requirements

The Section 8 certificate and voucher programs provide rental assistance to eligible low-income families.

In order to be eligible for Section 8 rental assistance, a family must:

- have income under certain limits; and
- comply with the provisions of a lease agreement entered into with a private landlord.

Income Limits

To be eligible for Section 8 assistance, family income, after all allowable deductions are made, must be below the program's income limits for the area in which the family lives. The income limit for Section 8 assistance is typically 50 percent of the area median income as determined by HUD, but a HA can allocate a limited number of certificates and vouchers to families with incomes between 50 percent and 80 percent of area median income. HUD terms families with incomes at or below 50 percent of the median "very low income," while families between 50 percent and 80 percent of the median are "low income."

The Section 8 program does not have asset limits, but where a family has net assets in excess of $5,000, not including necessary items like furniture and automobiles, the actual or imputed income from these assets must be included in the family's annual income (imputed income equals the value of the assets multiplied by the current passbook savings rate).

Section 8 Household Income Limits[72]
Effective October 1, 1998, to September 30, 1999

Metropolitan Area/County	50% of Area Median Income	80% of Area Median Income
Duluth-Superior (St. Louis County)	$21,900	$35,050
Fargo-Moorhead (Clay County)	23,850	38,150
Grand Forks, ND (Polk County)	20,650	33,050
La Crosse, WI (Houston County)	22,200	35,500
Minneapolis-St. Paul (Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties)	31,800	47,800
Rochester (Olmsted County)	27,300	43,700
St. Cloud (Benton and Stearns Counties)	23,400	37,450
Blue Earth County	23,650	37,850
Goodhue County	25,000	40,000
Kandiyohi County	22,350	35,750
McLeod County	25,850	41,350
Nicollet County	22,700	36,300
Rice County	27,450	43,900
Steele County	23,300	37,300
Wabasha County	21,200	33,900
Waseca County	22,050	35,300
Winona County	23,550	37,700
All other Minnesota counties	20,800	33,300

Additional Eligibility Requirements

Section 8 assistance is restricted to citizens of the United States or to noncitizens who are lawful permanent residents. All members of a family must be eligible for Section 8 in order for the family to receive the full Section 8 benefit. Section 8 benefits may be prorated for families where all of the members are not eligible for assistance. Noncitizen students and noncitizen spouses of noncitizen students are not eligible.

Benefits

Section 8 benefits for certificate and voucher holders are calculated differently, but in both cases are based on family income.

[72] Income limits were not available for federal fiscal year 2000 at the time of publication. The income limits in this table are for four-person households. For families with fewer than four people, subtract 10 percent for each member fewer than four. For example, a two-person family would have an income limit of 80 percent of the four-person family income limit. For families with more than four members, add 8 percent for each additional member.

Section 8 certificate benefits are based on family income and the actual rent level of the unit chosen by the family. When a family receives a Section 8 certificate, the family must find a rental unit of an appropriate size renting at or below the Fair Market Rent (FMR, see below) for the area. A family must pay 30 percent of its income to the landlord for rent, and the HA will pay the landlord the difference between 30 percent of the tenant's income and the market rent for the unit.

Section 8 voucher benefits are based on family income and the FMR for the area. The HA will pay the landlord the difference between 30 percent of a family's income and the FMR for the area, and the tenant must pay the remaining rent. If a family with a Section 8 voucher chooses a unit with a market rent above the FMR, the family must make up the difference. Hence, a family with a Section 8 voucher may pay more than 30 percent of its income in rent. However, if a family chooses a unit renting for less than the FMR, the family will pay less than 30 percent of its income in rent.

Fair Market Rents (FMRs)

HUD annually estimates FMRs for metropolitan areas and nonmetropolitan counties based upon the 40th percentile of nonluxury rental housing for the area or county. FMR are gross rent estimates including shelter rent plus the cost of all utilities except telephone. HAs may apply to HUD to make exceptions to the 40th percentile figure to compensate for variations in rent levels and rental housing characteristics within individual housing markets. Up to 50 percent of an FMR area may exceed published FMRs by up to 20 percent if the requested rent is not more than the 40th percentile for the exception area.

Federal Fair Market Rents (FMRs)
October 1, 1999 to September 30, 2000

Metropolitan Area/County	Number of Bedrooms [1]				
	0	1	2	3	4
Duluth-Superior (St. Louis County)	$281	$362	$465	$621	$723
Fargo-Moorhead (Clay County)	337	464	560	777	832
Grand Forks, ND (Polk County)	348	415	546	753	840
La Crosse, WI (Houston County)	285	367	467	625	757
Minneapolis-St. Paul (Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, Wright Counties)	416	535	684	925	1048
Rochester (Olmsted County)	328	460	602	832	935

Metropolitan Area/County	Number of Bedrooms [1]				
	0	1	2	3	4
St. Cloud (Benton and Stearns County)	326	421	498	629	802
Big Stone, Carlton, Cass, Chippewa, Clearwater, Cottonwood, Dodge, Douglas, Faribault, Fillmore, Grant, Jackson, Kittson, Lac qui Parle, Lake, Lake of the Woods, Lincoln, Mahnomen, Marshall, Martin, Mower, Murray, Nobles, Norman, Otter Tail, Pipestone, Pope, Redwood, Renville, Rock, Sibley, Swift, Todd, Traverse, Wadena, Watonwan, Wilkin, and Yellow Medicine Counties	266	324	411	515	589
Aitkin County	270	350	466	584	652
Becker County	266	382	429	537	602
Beltrami County	266	341	456	597	638
Blue Earth County	363	438	546	699	887
Brown County	266	344	411	515	589
Cook County	315	324	423	578	602
Crow Wing County	266	324	432	541	679
Freeborn County	266	324	419	552	591
Goodhue County	307	395	527	672	738
Hubbard County	272	324	411	515	589
Itasca County	341	345	450	562	630
Kanabec County	266	335	434	543	608
Kandiyohi County	328	414	504	632	761
Koochiching County	322	328	436	545	714
Le Sueur County	266	324	411	515	635
Lyon County	266	324	411	515	610
McLeod County	316	407	543	674	757
Meeker County	317	373	473	594	678
Mille Lacs County	283	324	412	574	676
Morrison County	295	324	411	515	589
Nicollet County	334	357	475	630	666
Pennington County	266	324	411	550	589
Pine County	294	324	411	518	589

Metropolitan Area/County	Number of Bedrooms [1]				
	0	1	2	3	4
Red Lake County	266	336	411	515	589
Rice County	315	431	575	717	803
Roseau County	322	328	430	555	604
Steele County	315	366	487	609	682
Stevens County	303	383	432	541	606
Wabasha County	288	351	444	557	636
Waseca County	347	381	483	606	693
Winona County	310	404	512	640	717

Funding and Expenditures

The federal government finances Section 8 benefits.

Expenditures for Section 8 in Minnesota for federal fiscal year 1998 totaled $81.1 million.

Recipient Profile

In 1998, 25,243 households in Minnesota were served by the Section 8 certificate and voucher programs.

According to a 1998 HUD survey of property owners, 25,243 households in Minnesota were served by the Section 8 certificate and voucher programs. The average size of participating households was 2.5 persons, with an income on average of 23 percent of the area median income. Families consisting of two spouses with children accounted for 6 percent of recipients, while families consisting of single parent households with children accounted for 56 percent of recipients. The average rent paid by Minnesota Section 8 certificate and voucher recipients was $233 per month, and the average HUD expenditure per household was $385 per month, including the 8 percent administrative fee paid to the local housing authority.

State-funded Rental Assistance Programs

The state legislature has funded a number of housing assistance programs; however, only two provide direct rental assistance to families and individuals: Bridges (Minn. Stat. § 462A.2097) and Rental Assistance for Family Stabilization (Minn. Stat. § 462A.205).

Bridges

Bridges provides rental assistance to "bridge" the gap between the time when a family with an adult member with a serious and persistent mental illness may need Section 8 rental assistance and when that assistance is available. The program is administered by the Minnesota Housing Finance Agency (MHFA). Eligible households must have:

- at least one adult member with a serious and persistent mental illness, and
- a household income under 50 percent of the area median income.

The legislature appropriated $3.4 million for the Bridges program for the 2000-2001 biennium which will serve approximately 380 families at a time (waiting list times for Section 8 assistance vary from county to county, with a typical wait between six months and two years).

Rental Assistance for Family Stabilization (RAFS)

RAFS provides up to 60 months of rental assistance to families who are making the transition from welfare to work. The maximum benefit is $250 per month in the metropolitan area, and $200 per month in the nonmetropolitan areas of the state. The program is administered by the MHFA which allocates vouchers to employment and training service providers for distribution to eligible families.

Eligible families must have a caretaker parent who:

- is receiving public assistance,
- is either (a) complying with a job search support or employment plan or (b) employed, and
- has at least one minor child.

The legislature appropriated $4.25 million for the RAFS program for the 2000-2001 biennium which will serve approximately 440 households at a time (the average length for RAFS assistance is 12 months).

Appendices

Appendix I

Asset Limits for

<table>
<tr><th>Program</th><th>Cash and Liquid Assets</th><th colspan="2">Car - A recipient may own a car valued at no greater than</th></tr>
<tr><td>SSI & MSA</td><td>$2,000 for single person; $3,000 for married couple</td><td rowspan="3">$4,500 (market value)</td><td rowspan="4">For SSI and MSA, MA, GAMC and FS, the entire value may be excluded under certain circumstances (e.g., the car is needed for transportation of a physically disabled household member</td></tr>
<tr><td>MA</td><td>$3,000 for one person;[1] $6,000 for two people; $200 for each additional person</td></tr>
<tr><td>GAMC</td><td>$1,000 per assistance unit</td></tr>
<tr><td>FS</td><td>$2,000 per household; $3,000 per household when at least one person is over 60 years of age</td><td>$4,560 (market value)</td></tr>
<tr><td>GA</td><td>$1,000 per assistance unit (including excess equity value of the automobile)</td><td colspan="2">$1,500 (equity value). Excess equity value is applied to the asset limit</td></tr>
<tr><td>MFIP</td><td>$2,000 per applicant assistance unit; $5,000 per ongoing recipient assistance unit</td><td colspan="2">$7,500 (equity value). Excess equity value is applied to the asset limit</td></tr>
<tr><td>MFIP Child Care</td><td colspan="3">Uses MFIP asset limits</td></tr>
<tr><td>Transition Year Child Care</td><td colspan="3">No asset limits</td></tr>
<tr><td>Basic Sliding Fee Child Care</td><td colspan="3">No asset limits</td></tr>
<tr><td>Section 8 Certificate/ Voucher</td><td colspan="3">No asset limits</td></tr>
</table>

1- For a single adult who is either disabled or a qualified Medicare beneficiary, the liquid asset limit is $4,000. There is no asset test for persons under age 21.

Assistance Programs

<table>
<tr><th>Life Insurance</th><th>Prepaid Burial Contracts</th><th>Household Goods and Personal Effects</th><th>Burial Plot</th><th>Homestead</th></tr>
<tr><td colspan="2" rowspan="2">Up to $1,500 in the cash surrender value of life insurance policies, burial funds or a combination of both</td><td>$2,000</td><td rowspan="4">Exempt</td><td rowspan="5">Exempt, regardless of value</td></tr>
<tr><td rowspan="4">Such items as furniture, clothing, jewelry, appliances, tools, and equipment used in the home are exempt</td></tr>
<tr><td colspan="2">Excluded</td></tr>
<tr><td rowspan="2">The cash surrender value of a life insurance policy is included in the cash and liquid asset limit</td><td>$1,000 for each member of assistance unit</td></tr>
<tr><td>Not exempt</td><td>One burial space for each assistance unit member is exempt</td></tr>
<tr><td colspan="5"></td></tr>
<tr><td colspan="5"></td></tr>
<tr><td colspan="5"></td></tr>
<tr><td colspan="5"></td></tr>
</table>

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Appendix II

Income Limits for Assistance Programs

(For programming in FY2000)

Program	Income Basis*	Eligible Group	Annual Income by Family Size			
			1	2	3	4
MFIP	As specified in statute	Eligible family w/no unrelated household members	$4,296	$7,548	$9,468	$11,208
	As specified in statute	Eligible family w/one unrelated household member	3,996	7,020	8,832	10,464
GA	As specified in law ($203/month)	Single adult	2,436	N/A	N/A	N/A
	As specified in rule ($206/month)	Married couple w/no children	N/A	3,120	N/A	N/A
MSA	As specified in statute and rule	Single adult living alone	6,732	N/A	N/A	N/A
	As specified in statute and rule	Single adult living with others	5,088	N/A	N/A	N/A
	As specified in statute and rule	Married couple living alone (1994 & later)	N/A	10,104	N/A	N/A
	As specified in statute and rule	Married couple living with others (1994 & later)	N/A	6,744	N/A	N/A
SSI	Does not exceed maximum monthly SSI benefit	Individual or married couple, living alone	6,000	9,012	NA	NA
GAMC	133-1/3% of AFDC income standard	Household with one or more GAMC eligibles	5,604	6,996	8,508	9,936
MA	133-1/3% of AFDC income standard	Adults with children; children born before 10/1/83	5,604	6,996	8,508	9,936
	280% of Federal Poverty Guidelines (FPG)	Children under age two	23,076	30,972	38,868	46,764

Program	Income Basis*	Eligible Group	Annual Income by Family Size			
			1	2	3	4
	133% of FPG	Children two though five	10,956	14,712	18,456	22,212
	100% of FPG	Children born on or after 10/1/83	8,244	11,064	13,884	16,704
MinnesotaCare	275% of FPG	Family with one or more eligible children	22,656	30,420	38,172	45,924
Food Stamps	Net income at or below 100% FPG	Household with disabled or elderly (age 60+) member	8,244	11,064	13,884	16,704
	Gross income at or below 130% FPG **and** net income at or below 100% FPG	Household	10,716 - - - - - - 8,244	14,383 - - - - - - 11,064	18,048 - - - - - - 13,884	21,720 - - - - - - 16,704
MFIP Child Care		Eligible MFIP family	NA			
Basic Sliding Fee & Transition Year Child Care	75% of state median income	Family with one or more children eligible for care	NA	30,897	38,168	45,438
Section 8 Certificate/Voucher	50% of area median income (up to 80% of area median income by local exception)**	Household	22,250**	25,450**	28,600**	31,800**

* Many programs apply income disregards or exclusions.

** The federal Department of Housing and Urban Development determines area median incomes on a county-by-county basis. The figures in the table apply in the 11-county metropolitan area. See the table on starting on page 163 for a complete listing of Minnesota counties.

Appendix III

Program Expenditures and Caseload Data

(State Fiscal Year 1998, except where otherwise noted)

Program	**Program Expenditures***	**Funding Sources**	**Federal Expenditures**	**State Expenditures**	**Average Monthly Recipients or Enrollees**
MFIP (SFY 1999)	$348,000,000	Federal – 68% State – 32%	$238,100,000	$109,900,000	141,000 (as of January 1999)
GA	36,040,972	State – 100%	0	36,040,972	9,414
MSA	22,683,895	State – 100%	0	22,683,895	24,286
SSI (CY 1997)	252,900,000	Federal – 100%	252,900,000	0	62,621 (individuals)
GAMC	136,600,047	State – 100%	0	136,600,047	31,113** (enrollees)
MA	2,913,000,000	Federal – 52.87% State – 47.13%	1,540,000,000	1,373,000,000	384,083** (enrollees)
MNCare	110,700,000	Enrollee premiums and co-payments – 19% Federal – 14% State – 67%	15,498,000	74,169,000	105,337** (enrollees as of 12/1/98)
Food Stamp	171,233,381	Federal – 100%	171,233,381	0	98,979
MFIP Child Care (projected for SFY 1999)	$67,779,456	Federal – 35% State – 65%	$23,722,809	$44,056,646	10,553 families; 19,018 children (Quarter ending 9/30/98)

* For program costs or direct benefits only.

** This is the average monthly number of persons who were <u>eligible to receive</u> medical services.

Program	**Program Expenditures***	**Funding Sources**	**Federal Expenditures**	**State Expenditures**	**Average Monthly Recipients or Enrollees**
Transition Year Child Care (projected for SFY 1999)	$15,915,887	Federal – 100%	$15,915,887	$0	2,412 families; 3,940 children (Quarter ending 9/30/98)
Basic Sliding Fee Child Care (projected for SFY 1999)	$70,156,591	Federal – 23% State – 73% County – 4%	$16,136,016	$51,214,311	14,300 families; 24,468 children (Quarter ending 9/30/98)
Section 8 Certificate/ Voucher (FFY 1998)	$81,182,000	Federal – 100%	$81,182,000	$0	25,243 households (5/98)

Appendix IV

Laws and Regulations Governing Assistance Programs for Families

Program	Federal Law				State Law	
	Congress	**U.S. Dept. of Health & Human Services**	**U.S. Dept. of Agriculture**	**U.S. Dept. of Housing and Urban Development**	**MN State Legislature**	**MN Dept. of Human Services**
MFIP	42 USC 601 *et seq.* Title IV-A Social Security Act	45 CFR Parts 260-265			MN Stat. Ch. 256J	
GA					MN Stat. §§ 256D.01-.21	MN Rules 9500.1200-.1272
MSA	42 USC 1382 Title XVI Social Security Act	20 CFR Part 416, Subpart T			MN Stat. §§ 256D.33-.54	
SSI	42 USC 1381 Title XVI Social Security Act	20 CFR Part 416				
GAMC					MN Stat. Ch. 256B and § 256D.03	MN Rules 9505.1000-.1040; and 9505.5000-.5105
MA	42 USC 1396 *et seq.* Title XIX Social Security Act	42 CFR Parts 430-456			MN Stat. Ch. 256B	MN Rules 9500.1070-.1155; 9505.0010-.0540; and 9505.5000-.5105
MNCare					MN Stat. Ch. 256L	MN Rules 9506.0010-.0400

Program	Federal Law: Congress	Federal Law: U.S. Dept. of Health & Human Services	Federal Law: U.S. Dept. of Agriculture	Federal Law: U.S. Dept. of Housing and Urban Development	State Law: MN State Legislature	State Law: MN Dept. of Human Services
Food Stamp	7 USC 2011 *et seq.* Food Stamp Act		7 CFR Parts 271-285		MN Stat. § 256.01; §§ 256D.051-.052; and § 393.07	
Child Care Assistance	42 USC 9858 *et seq.*	45 CFR Parts 98 - 99			MN Stat. Ch. 119B	MN Rules Chapter 3400
Section 8 Certificate/ Voucher	42 USC 1437f (b)(l) and (o) Housing Act			24 CFR Part 882, subp. A and B, Parts 887, 982		

CFR = Code of Federal Regulations
USC = United States Code

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Appendix V

State Financing of County Human Services Costs

Beginning January 1, 1991, the state assumed responsibility for the county share of state-mandated human services programs. (The state financing of county human services costs is codified at Minnesota Statutes, section 256.025.) From 1991 on, counties were no longer responsible for paying a share of the costs of the benefits and services for the following public assistance programs:

- the former Aid to Families with Dependent Children (AFDC) program, including case management services provided through its STRIDE employment services component
- General Assistance (GA), and the related former Work Readiness program and services for certain GA recipients
- Emergency Assistance (EA), under both the former AFDC program and the GA program
- Minnesota Supplemental Aid (MSA)
- Group Residential Housing (GRH), for the costs that were transferred from GA and MSA when GRH was established
- Medical Assistance (MA)
- MA-related costs, including medical transportation
- General Assistance Medical Care (GAMC)
- GAMC-related costs, including claims processing and medical transportation
- Preadmission Screening and the Alternative Care program

The state immediately assumed responsibility for any growth in the programs' costs for benefits and services that occurred after 1990. The state assumed responsibility for the share of county costs as they were paid by counties in 1990 (1990 is the "base year") more gradually. During a transition period that began in 1991, the counties pay a fixed amount that is based on their 1990 county share of costs for each month from January through June. The state reimburses counties in the following July for these payments. (July through December payments are reimbursed monthly by the state.) This cash flow transition mechanism has been phased out in three steps over a six-year period that began in 1996 and will be completed by July 1, 2001:

1. Beginning July 1, 1995, the cash flow transition mechanism was completed for the former Work Readiness program, its services, and the case management services provided under the STRIDE employment services component of the former AFDC program.

2. Beginning July 1, 1997, the cash flow transition mechanism was completed for all other listed programs and services, except for the MA program.

3. Beginning January 1, 2001, the cash flow transition mechanism will be completed for the MA program.

Appendix VI

Federal TANF Work Requirements

The federal TANF law (PRWORA, Public Law No. 104-193) sets strict work participation requirements for the families who receive assistance under state welfare programs, such as the Minnesota Family Investment Program (MFIP), that are paid for in part with federal TANF funds.

MFIP participants must work for at least the number of hours per week that is specified in the federal law. The federal minimum weekly work requirements are slightly different than the minimum weekly work requirements that are in the MFIP state law. The federal TANF law also specifies percentages of all families and of two-parent families on a state's program who must be meeting the federal weekly work requirements.

The federal work participation requirements are listed in Tables 1 and 2.

Table 1
Federal Work Participation Requirements for All Families

	All participant families		
Federal Fiscal Year	Required hours of work per week		Percentage of MFIP families who must meet requirement
	If all children are over six	If at least one child is under six	
1998	20	20	30%
1999	25	20	35%
2000	30	20	40%
2001	30	20	45%
2002 +	30	20	50%

The percentage of families who must meet the work requirement is also called the "participation rate." Under the federal law, a state's required participation rate is reduced by 1 percent for each 1 percent reduction in the number of cases on the state's welfare program in the year compared to the average monthly number of AFDC cases in federal fiscal year 1995. This "caseload reduction credit" can result in a state's target work participation rates being lower than the percentages shown in Tables 1 and 2.

Table 2
Federal Work Participation Requirements for Two-parent Families

Federal Fiscal Year	Required weekly hours of work (both parents combined) if **don't** utilize federally funded child care assistance	Percentage of MFIP families who must meet requirement	Required weekly hours of work (both parents combined) if **do** utilize federally funded child care assistance	Percentage of MFIP families who must meet requirement
1998	35	75%	55	75%
1999-2002+	35	90%	55	90%

If a state does not meet the federal work participation requirements, it is subject to losing a portion of its federal TANF block grant funds. The state MFIP law specifies that in the event the federal HHS imposes a fiscal sanction on Minnesota for failing to meet the federal work requirements, the state must pay 88 percent of the sanction. Counties must pay the remaining 12 percent of the sanction, each county in proportion to its percentage of the average monthly MFIP caseload (Minn. Stat. § 256J.751).

In federal fiscal year 1998 (October 1, 1997, to September 30, 1998), Minnesota's target work participation rate for all MFIP families, after the allowable caseload reduction credits were applied, was 17 percent. Minnesota's actual all-families participation rate was 30.6 percent. Minnesota's target work participation rate for two-parent families was 42.5 percent; the state's actual two-parent family participation rate was 30.8 percent.

DHS estimates that Minnesota's penalty for not meeting the two-parent rate is $159,000. The state plans to enter into a corrective action plan with HHS to show how the state will meet this requirement in future years.[73]

[73] From DHS memo, **1998 Federal Work Participation Rates for Welfare Reform**, August 12, 1999.

Appendix VII

Mille Lacs Band Tribal TANF Program

The Mille Lacs Band of Ojibwe's tribal TANF program follows the same basic framework as the state's MFIP program, using the same grant amounts, following the same policy on a 60-month lifetime limit on assistance, and following most of the other MFIP requirements.

Some features of the band's program that are different from MFIP are:

- The band's Tribal TANF program has some additional types of sanctions: for failure to achieve negative results on an employer-administered drug test; for failure to keep a minor child in school; and for abuse, neglect, or domestic violence in the family.

- The state must release child support collections, except for medical and child care support, to a Tribal TANF recipient who has assigned the support rights to the state and who is cooperating with child support requirements.

- The band's Tribal TANF program disregards up to $400 of child support income per month in calculating the amount of a recipient family's grant.[74]

- Tribal TANF appeals are heard by the band.

- The band's Tribal TANF program does not use the shared household standard used by MFIP.

The band's Tribal TANF program began operating January 1, 1999, in a six-county area covering Aitkin, Crow Wing, Morrison, Benton, Mille Lacs, and Pine Counties.

[74] The MFIP program does not allow any disregard for child support that is paid to the family receiving MFIP.

Appendix VIII

Federal Earned Income Tax Credit and Minnesota Working Family Credit

The federal earned income tax credit (EITC) provides a wage supplement equal to a percentage of the earnings of low-income individuals. The credit is fully refundable; if the credit exceeds a filer's tax liability, the rest is paid as a refund. The following table shows the maximum credit, income at which the credit begins to phase out, and maximum income eligible for the credit for tax year 2000.

Federal Earned Income Tax Credit, 2000

	Maximum credit	Income at which credit begins to phase out	Income at which credit is fully phased out
No Dependents	$353	$5,770	$10,380
One Dependent	2,353	12,690	27,413
Two or More Dependents	3,888	12,690	31,152

Note: Dollar amounts for the phase-out thresholds are estimates. These amounts are indexed to projected changes in the consumer price index.

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The Minnesota working family credit (WFC) is also a percentage of earnings. Before 1998, the WFC was set as a percentage of the federal EITC. Legislation enacted in 1998 restructured the WFC, with the goal of reducing work disincentives caused by interactions with income and payroll taxes and the state's MFIP program. Like the EITC, the WFC is refundable. The following table shows the maximum credit, income at which the credit begins to phase out, and maximum income eligible for the credit for tax year 2000.

Minnesota Working Family Credit, 2000

	Maximum credit	Income at which credit begins to phase out	Income at which credit is fully phased out
No Dependents	$53	$5,770	$10,390
1 Dependent	636	15,080	27,433
2 or More Dependents	1,243	17,890	31,145

Note: Dollar amounts for the phase-out thresholds are estimates. These amounts are indexed to projected changes in the consumer price index.

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For a more thorough description of these credits, see also "The Federal Earned Income Tax Credit and the Minnesota Working Family Credit," House Research, forthcoming 2000.

Appendix IX

Federal and Minnesota Dependent Care Tax Credits

Federal Dependent Care Income Tax Credit

The federal dependent care tax credit is equal to a percentage of qualifying dependent care expenses. Qualifying expenses are amounts paid for household services and care of a dependent while the taxpayer works or looks for work. The credit is not refundable; that is, it may only be used to offset income tax liability. Filers with no federal income tax liability may not claim the credit. The maximum qualifying expenses are $2,400 for one dependent, and $4,800 for two or more dependents. The credit equals 30 percent of expenses for filers with gross incomes under $10,000, for a maximum credit of $720 for one child and $1,440 for two or more children. The credit percentage decreases by one percentage point for each $2,000 of income over $10,000, down to a minimum of 20 percent for filers with incomes over $28,000. These filers are eligible for a maximum credit of $480 for one child, and $960 for two or more children.

Minnesota Dependent Care Income Tax Credit

The Minnesota dependent care credit is tied to the federal credit, with two significant differences. First, the Minnesota credit is refundable. A filer with no state income tax liability but who otherwise qualifies for the credit receives the credit as a refund from the state. Second, while the federal credit phases down to 20 percent of qualifying expenses, the Minnesota credit is targeted at lower income filers and subject to an income-based phase-out. Since the state credit is tied to the federal credit, filers with incomes under $10,000 are eligible for the maximum credit of $720 for one dependent, and $1,440 for two or more dependents. For those with incomes over $10,000 but less than the state phase-out floor ($18,050 in 2000), the state credit is reduced on the same schedule as the federal credit. For those with incomes over the state phase-out threshold, the credit is reduced by $18 for each $350 of income over the threshold, for filers claiming the credit for one dependent, and by $36 for those with qualifying expenses for two dependents. The phase-out threshold is adjusted upwards each year for inflation; as a result the maximum income eligible for the credit increases as well. For tax year 2000, the maximum income eligible for the state credit is $31,700.

Minnesota also allows all married couples with a dependent under age one to claim a credit equal to the maximum dependent care credit for one child. Couples may claim this credit, which is sometimes called the “young child credit,” or the “at-home credit,” regardless of whether or not they have any child care expenses.

For a more thorough description of the Minnesota dependent care credit, see also “Minnesota Dependent Care Credit,” House Research, 1994.

Glossary

Glossary

Terms and concepts used in the Minnesota Family Assistance Guide

AFDC Aid to Families with Dependent Children. AFDC is the old federal-state cash assistance program that was originally authorized by Title IV-A of the Social Security Act. AFDC was an entitlement program that provided cash assistance to families with children who were deprived of support as the result of a parent's death, incapacity, continued absence, or unemployment. It was replaced in the 1996 federal welfare reform law by the TANF block grant program.

Assistance Unit The group of people who are applying for or receiving benefits and whose needs are included in a cash grant. In MFIP the assistance unit is the group of mandatory or optional people who are applying for or receiving MFIP benefits together.

At-Home Infant Child Care A component of the Basic Sliding Fee program. The program allows a parent to receive a small subsidy to stay home with a child under 12 months of age.

Basic Sliding Fee Program A child care assistance program that assists eligible low-income families with their child care costs. The number of eligible families that participate is limited by the amount of state appropriations.

Blindness For the purpose of establishing eligibility for SSI and MSA, the federal government defines blindness as vision no better than 20/200 with glasses or tunnel vision—a limited visual field of 20 degrees or less.

CFL Department of Children, Families and Learning. The state agency that supervises the administration of child care programs.

Caregiver In MFIP, an adult in the assistance unit who cares for a dependent child. With a few exceptions, a child must reside with a caregiver to qualify for MFIP. The needs of the caregiver are usually included in the assistance unit's grant. The caregiver must comply with program requirements or face a sanction.

Categorical Assistance Public assistance programs for needy persons who fit into particular categories: e.g., the aged, blind, and disabled (SSI, MSA), needy families (MFIP), households composed entirely of MFIP or SSI recipients (Food Stamps).

Categorically Needy A term used in the MA and GAMC programs. The "categorically needy" are people who are eligible for MA or GAMC because they are eligible for an income assistance program, such as MFIP, SSI, MSA, or GA.

CFR Code of Federal Regulations. The regulations for TANF are found in Title 45; those for Supplemental Security Income (SSI) are found in Title 20; those for Medicaid (MA) are found in Titles 42 and 45; those for Food Stamps are found in Title 7.

Child Care and Development Fund (CCDF) Federal funding mechanism for child care assistance programs. Congress created the CCDF in the PRWORA as a unified fund for all federal child care assistance. Final regulations are in Title 45 CFR, Parts 98 and 99.

Child Care Assistance Programs Programs that provide subsidies to assist eligible low-income families to pay for child care costs. Child care assistance programs include: MFIP Child Care, Transition Year Child Care, and the Basic Sliding Fee program.

Child Care Fund The funding mechanism for the child care assistance programs, the child care fund also provides grants to develop, expand, and improve the access and availability of statewide child care services.

Child Care Providers Providers of child care that may participate in the child care assistance programs. An eligible provider must be licensed under DHS rules for family child care or child care centers, or exempt from licensure. Unlicenced providers must be registered with the county to receive payments through the child care assistance programs.

Child Care Resource and Referral Program (CCR&R) Agencies that help parents find quality child care, provide consumer education, train child care providers, and assess child care needs in communities.

CHIP Children's Health Insurance Program. A program that provides states with federal matching funds to provide health care coverage to uninsured children. CHIP was established as Title XXI of the Social Security Act and authorized by the Federal Balanced Budget Act of 1997.

DHS The state Department of Human Services (formerly the Department of Public Welfare). DHS is the state agency that supervises the administration of assistance programs in Minnesota.

DHHS The U.S. Department of Health and Human Services (formerly the Department of Health, Education and Welfare). DHHS is the federal agency that administers federal and joint state-federal human services programs.

Disability For the purpose of establishing eligibility for SSI and MSA, "disability" is defined as the inability to engage in any substantial gainful activity as the result of any medically determinable physical or mental impairment. The condition must be expected to last at least 12 months or result in death, except that for children the test is one of functional impairment.

Disabled In the Food Stamp program, a "disabled" household member is generally someone who is receiving some type of disability-based assistance.

Disregard Earned income that is not counted when determining eligibility and calculating the amount of the assistance payment.

DA Diversionary Assistance. Assistance available once every 36 months to low-income families who are at risk of MFIP eligibility but who are not eligible for EA or EGA.

EA Emergency Assistance. A state program that provides short-term cash assistance (paid for one 30-day period in a consecutive 12-month period) to families who are at risk of MFIP eligibility, to help meet emergency needs.

Earned Income Income which is received as the direct result of legal work activity, effort, or labor. Examples of earned income include wages, salaries, tips, and commissions.

Earned Income Tax Credit The federal tax credit program for low-income individuals.

EBT Electronic Benefits Transfer. A method of providing food assistance benefits, under the Food Stamp program and MFIP, in electronic debit card form.

EGA Emergency General Assistance. A state program that provides short-term cash assistance (paid for one 30-day period in a consecutive 12-month period) to applicants who have emergency needs and who are not eligible for EA.

Employment Plan A plan developed by a job counselor and an MFIP caregiver that identifies the caregiver's employment goal, activities needed to reach the goal, and a time line for accomplishing each activity. The similar plan in FSET is known as an "employability development plan."

Employment and Training Services Activities and services, such as assessments, job search, job placements and training, that are designed to assist an individual to obtain and retain employment.

Employment and Training Services Provider A public, private, or nonprofit employment and training agency that a county uses to provide employment and training services to MFIP, MFAP, or Food Stamp recipients.

Exempt Income Income from certain sources that is not used in determining program eligibility and/or benefit levels.

Family People who live together or are temporarily absent from the household. For child care assistance programs family includes parents, stepparents, guardians and their spouses, other relative caregivers, and children.

Family Co-payment The amount a family that receives child care assistance must pay for the child care. The amount—also known as a parent fee—is based on family income adjusted for family size according to a sliding fee scale.

Family Wage Level The MFIP standard of assistance that is used for calculating the amount of a family's MFIP grant when the family has earned income. The family wage level is equal to 110 percent of the MFIP transitional standard.

Federal Poverty Guidelines (FPG) The federal measure, updated annually, below which a household is considered to be living in poverty. The guidelines are published annually in the *Federal Register* by the DHHS to determine eligibility for certain programs. Published guidelines are identical for all states except Alaska and Hawaii.

Federal Work Requirements The work participation standards specified in PRWORA that Minnesota must meet with MFIP families. For the period from October 1, 1999, to September 30, 2000, the work participation rate that must be met by MFIP is 40 percent for all families and 90 percent for two-parent families. Each MFIP caregiver must work a minimum number of hours, averaged over a month, to be counted toward meeting the work participation rate.

FFP Federal Financial Participation. Federal monies, matched by state funds, that are used to pay for health care services provided to MA enrollees. The FFP is calculated as a percentage; it determines the extent of the federal government's share of the costs of the MA program.

FMR Fair Market Rent. Rent levels, set by HUD at the 40th percentile of rents for nonluxury rental housing units, used to determine Section 8 assistance levels and eligible rental units.

Food Stamps Federal assistance, issued in EBT form or as paper coupons, that recipients can use to purchase food and food products in approved stores.

FSET Food Stamps Employment and Training. The employment and training program for the Food Stamp and the MFAP programs. FSET participation is required of some Food Stamp and MFAP recipients who are not otherwise employed.

GA General Assistance. A state program that provides cash assistance to needy persons who do not qualify for any of the federal programs (MFIP, SSI, or MSA) and who meet one of the GA eligibility criteria.

GAMC General Assistance Medical Care. A state program that pays for health services provided to persons who cannot afford the cost of these services and who are not eligible for other medical programs.

General Relief (1) County programs that provide for certain needs of persons not eligible for other public assistance. General relief responsibilities include general hospitalization, university hospitals, burials, care in state institutions, commitment costs, child welfare, and Indian relief. (2) A term used interchangeably with "Poor Relief." (See "Poor Relief")

Group Residential Housing (GRH) A state program that provides subsidized community-based housing for persons on GA or MSA. GRH settings were formerly known as negotiated rate facilities.

HCAF Health Care Access Fund. A fund that is the source of financing for the MinnesotaCare program and related activities. HCAF revenues are primarily taxes paid by health care providers and MinnesotaCare enrollee premiums.

HCFA Health Care Financing Administration. The division of DHHS that administers the MA program.

Household People who live together. In the Food Stamp program, a "household" is generally defined as those individuals living together who purchase and prepare meals in common.

HUD The U.S. Department of Housing and Urban Development. HUD administers the Section 8 certificate and voucher programs.

Income Assistance Programs Programs providing cash assistance to needy people (e.g., MFIP, GA, SSI, and MSA).

In-Kind Assistance Programs Programs providing noncash benefits to eligible recipients (e.g., MA, GAMC, MinnesotaCare, Food Stamps, and child care assistance).

Income Disregard Income that is not considered in the calculations when an applicant's eligibility and/or benefit level for an assistance program is determined.

Income Payment received from any source, whether in money, goods, or services. Income may be earned or unearned, and recurring or nonrecurring.

INS Immigration and Naturalization Service. The federal agency responsible for admitting noncitizens into the United States.

Job counselor A staff person employed by an employment and training services provider who delivers services to participating MFIP, Food Stamp, and MFAP recipients.

Job Search Support Plan A plan developed by an MFIP caregiver and job counselor that specifies the activities required and services to be provided to the caregiver while the caregiver is involved in job search activities.

Legal Noncitizen A person who is not a U.S. citizen, but who has permission from the INS to live in the United States.

LIHEAP Low-Income Home Energy Assistance Program. A program that helps low-income individuals pay heating costs.

MA Medical Assistance or Medicaid; Title XIX of the Social Security Act. MA is a federal-state program that provides assistance to eligible persons who cannot afford the cost of necessary medical services.

MAXIS Minnesota AXIS. The statewide centralized computer system run by DHS which counties use for eligibility determinations for the MFIP, GA, FS, MA, and GAMC programs, and for benefit payments for the MFIP, GA, and FS programs.

Medicaid A jointly funded federal-state health care program established under Title XIX of the Social Security Act to provide for the health care needs of certain low-income individuals. Minnesota's Medicaid program is called MA (see above).

Medically Needy A term used in the MA and GAMC programs. The "medically needy" are people who are not eligible for cash assistance (MFIP, GA, WR, SSI, MSA) but have a medical need, and whose income and assets are within the limits of MA or GAMC or can be reduced to these limits by spend-down.

MFAP Minnesota Food Assistance Program. A state program that provides state-funded food assistance to legal noncitizens who would be eligible for the federal Food Stamp program, except that their noncitizen status bars them from Food Stamp eligibility. MFAP recipients must follow all the rules of the Food Stamp program, including FSET requirements.

MFIP Minnesota Family Investment Program. The state program begun in January 1998 that replaces the old AFDC entitlement program. MFIP is Minnesota's TANF program; it is designed to promote family self-sufficiency. It combines cash assistance and Food Stamps in a single grant, and also provides employment and training services. MFIP is not an entitlement; it provides assistance to families for no more than 60 months.

MFIP Child Care Assistance A child care assistance program for MFIP families who are participating in an authorized education and employment activity. This is a fully funded child care assistance program.

MinnesotaCare A state health care insurance program for eligible uninsured families and adults.

Minor Custodial Parent An MFIP caregiver under the age of 18 who is the parent of a dependent child, and who receives MFIP assistance on behalf of herself or himself and her or his child.

MSA Minnesota Supplemental Aid. A state program that supplements the income of needy aged, blind, and disabled persons who (1) are recipients of SSI or (2) would qualify for SSI except for excess income.

PMAP Prepaid Medical Assistance Program. Provides health care services to MA enrollees through contracts with health maintenance organizations (HMOs) and other prepaid health plans.

Poor Relief Also known as "General Relief," Poor Relief refers to the aid programs formerly administered and funded solely by the counties and townships prior to the institution of the GA program in 1974. State law abolished Poor Relief when it created GA.

Portability Pool Provides Basic Sliding Fee child care assistance to eligible families who move between counties in Minnesota.

Poverty Guidelines See Federal Poverty Guidelines.

Provider Surcharge The imposition of surcharges on hospitals, nursing homes, health maintenance organizations, and physicians. The increased revenues available to the state from these surcharges has allowed the legislature to increase certain medical reimbursement rates in the MA program.

PRWORA Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law Number 104-193). The federal welfare reform law that eliminated the AFDC entitlement program for needy families and replaced it with the TANF block grant program of time-limited assistance.

Qualified Noncitizen Any of several categories of noncitizens defined in PRWORA as being eligible for federally funded public assistance if all other program eligibility requirements are also met.

Real Property Any real estate such as a house, buildings, and/or land. Ownership of real property can affect an applicant's eligibility for a public assistance program.

Safety Plan A plan developed by a victim of domestic violence, or a person at risk of domestic violence, and a public or private nonprofit agency. An MFIP caregiver who is following an approved safety plan is exempt from the MFIP 60-month time limit on assistance, and may be exempt from the program's employment and training requirements for up to 12 months.

Sanction Reduction of a recipient's assistance benefit by a specified percentage or amount that is imposed because the recipient is not cooperating with a program requirement.

Shared Household Standard The standard of assistance used in MFIP when unrelated people live in the same household as the assistance unit.

Shelter Costs In MFIP, shelter costs include any of the following: rent, manufactured home lot rentals, monthly principal, interest, and insurance premiums and property taxes due for mortgages or contracts for deed costs.

Social Services Counties provide "social services" to individuals who need assistance other than (or sometimes in addition to) income or health care assistance. Social services are designed to help people achieve or maintain self-support and self-sufficiency and prevent the abuse or neglect of children and adults. Social services include, but are not limited to, child and adult protection, foster care, adoption, chemical dependency services, day care, and services for seniors, persons with developmental disabilities, and persons with mental illness. Counties receive block grant funds from the federal government (through the Social Services Block Grant program, Title XX of the Social Security Act) and from the state (through the Community Social Services Act block grant program); counties also use other state or local sources to pay for the social services they provide. (The state Community Social Services Act, CSSA, is found in Minnesota Statutes, chapter 256E.) Social services activities are not an authorized activity for child care assistance through the child care fund.

Spend-down A term used in the MA and GAMC programs. Persons who have income in excess of allowable maximums can qualify for benefits through the spend-down provisions, which require that excess income be applied to incurred medical expenses. Persons who qualify through the spend-down mechanism are referred to as "medically needy."

SSA The federal Social Security Administration, located within DHHS. SSA administers the SSI program, as well as the various Social Security insurance programs.

SSI Supplemental Security Income. A federal program begun in 1974 that provides cash assistance to needy aged, blind, and disabled persons.

Standard of Need The level of income the government has determined is sufficient for an individual to provide for his or her basic maintenance needs, such as shelter, food, clothing, and utilities.

Standard of Assistance The amount of the standard of need that is paid by an income assistance program.

State Median Income Guidelines published annually in the *Federal Register* by the DHHS to determine eligibility for certain programs. Published guidelines are estimated separately for each state.

Surcharge A term used interchangeably with "provider surcharge." (See "Provider Surcharge")

TANF Temporary Assistance for Needy Families. The federal program created by the 1996 federal Welfare Reform Act which replaced the AFDC entitlement program with block grants to states, to assist states in providing time-limited assistance to needy families. In Minnesota, MFIP is the state's TANF program.

Title IV-A of the Social Security Act: authorizes the federal Temporary Assistance for Needy Families (TANF) block grant program of assistance to states.

Title IV-D of the Social Security Act: authorizes measures to (1) enforce child support obligations by absent parents, (2) locate absent parents, (3) establish paternity, and (4) obtain child support.

Title IV-E of the Social Security Act: authorizes a state-federal program of foster care payments and adoption assistance payments.

Title XVI of the Social Security Act: authorizes the federal Supplemental Security Income program (SSI) for the aged, blind, and disabled.

Title XVII of the Social Security Act: authorizes the federal medical insurance program for the aged and disabled that is known as Medicare.

Title XIX of the Social Security Act: authorizes the joint federal-state MA program. MA is also known as Medicaid.

Title XX of the Social Security Act: authorizes the federal Social Services Block Grant program of assistance to states to help fund social services.

Title XXI of the Social Security Act: authorizes CHIP.

Transition Year Families Families who have received MFIP for at least three of the last six months, but who have lost eligibility for MFIP due to increased hours of employment, increased child support income, or the loss of income disregards due to time limitations.

Transitional Child Care A program that assists transition year families with child care expenses for up to 12 months after leaving MFIP.

Transitional Standard In MFIP, a combination of a cash assistance portion and food assistance portion for a family of a specific size. It is the basic standard of assistance for a family with no earned income.

Undocumented noncitizen An immigrant who enters or stays in the United States without the knowledge or authorization of the INS. Also known as an "illegal immigrant."

Unearned Income Income a person receives without having performed any work activity, effort, or labor. Unearned income includes pensions, benefits, dividends, interest, insurance compensation, and other types of payments.

USDA U.S. Department of Agriculture. The USDA is responsible for administering the Food Stamp program.

Vendor Payments Payments made directly to a provider of goods and services on behalf of a recipient. Vendor payments can be instituted in the MFIP and GA programs.

Waiting List A list of unserved families who have applied for child care assistance through the basic sliding fee program. A county is required by law to maintain a list of unserved applicants who are eligible for the basic sliding fee program. The county must update the list at least every six months. County funding allocations are partially based on the number of families on the waiting list.

Work Activity Any activity in an MFIP recipient's approved job search support plan or employment plan that is tied to the recipient's employment goal and is considered work for the purposes of meeting the federal work requirements.

WorkFIRST A welfare reform pilot project in Clay and Carver Counties for families who are first-time applicants for cash assistance.

Working Family Credit A state program that provides refundable tax credits to low-income families who work.

1. For units with more than four bedrooms, add 15 percent to the rent for a four bedroom unit for each additional unit.